REPORT OF THE
PROPERTY TAX APPRAISAL
STUDY COMMITTEE

REPORT TO THE

1989 GENERAL ASSEMBLY

OF NORTH CAROLINA

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STATE OF NORTH CAROLINA

PROPERTY TAX APPRAISAL STUDY COMMISSION

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Richard Conder, Co-Chairman

Rep. Charles M. Beall, Co-Chairman

January 11, 1989

To the President Pro Tempore of the Senate and the Speaker of the House of Representatives and Members of the 1989 General Assembly:

Transmitted herewith is the report of the findings, conclusions and recommendations of the North Carolina Property Tax Appraisal Study Committee.

The work of the Committee was authorized by Senate Bill 737 (Chapter 873 of the 1987 Session Laws) and was performed in accordance with the instructions of that Act.

Respectfully submitted,

Senator J. Richard Conder

Representative Charles M. Beall

Cochairmen

Property Tax Appraisal Study Committee

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PREFACE

The Property Tax Appraisal Study Committee was established by Senate Bill 737, enacted as Part XXIV of Chapter 873 of the 1987 Session Laws. The Committee consisted of twenty-two members; eight members of the Senate and three public members were appointed by the President of the Senate, and eight members of the House of Representatives and three pubic members were appointed by the Speaker of the House. Senator Richard Conder and Representative Charles Beall were appointed Cochairmen of the Committee. Part XXIV of Chapter 873 is contained in Appendix A and a list of the membership and staff of the Committee is shown in Appendix B.

Chapter 873 instructed the Committee to "make a detailed and comprehensive study of the system for appraising and reappraising real property for ad valorem taxation in North Carolina." Specifically, the Committee was directed to "examine all classes of real property in the property tax base and all aspects of the appraisal and reappraisal of the property, including standards for appraisal, dates for appraisal and reappraisal, methods of appraisal and reappraisal, effectiveness and fairness of appraisal in each county, administration of real property appraisal, and review and appeals of appraised valuation." The Committee was also directed to "evaluate the feasibility of any programs that would aid counties in conducting more frequent revaluations."

The Committee is charged to submit a final report, with appropriate recommended bills, to the 1989 General Assembly on or before March 1, 1989. A copy of this final report is filed in the Legislative Library. A committee notebook containing the committee minutes and information presented to the Committee is also filed in the Legislative Library.

COMMITTEE PROCEEDINGS AND RECOMMENDATIONS

I. INTRODUCTION

The Property Tax Appraisal Study Committee met eight times during 1987-88; five meetings were held before the 1988 Legislative Session and three meetings were held after that session. The Committee held one of its meetings jointly with the Property Tax System Study Committee.

II. MODIFICATION OF THE REAPPRAISAL SCHEDULE

The Property Tax Appraisal Study Committee devoted the majority of its time discussing the octennial revaluation system and the effectiveness and fairness of appraisals across the State. In North Carolina, the Machinery Act requires all counties and municipalities to appraise or value real property at its true value in money. True value, as defined in G.S. 105-283, means one hundred percent (100%) of the property's fair market value. The Committee studied other states' real property assessment ratios and cycles. It learned that although North Carolina is one of twenty-three states that assesses real property at one hundred percent (100%) of fair market value, its octennial assessment cycle is one of the longest. Appendix D of this report contains a couple of charts detailing other states' assessment ratios and cycles.

Joseph Hunt, with the Institute of Government, addressed the Committee on two separate occasions. He explained how the quality of reappraisal determines the fairness of the tax burden among the property owners in a county. Once a county has established its budget, it sets the tax rate based upon the amount of revenues needed to meet the budget divided by the tax base. The assessed value of the real property located within a county determines the county's tax base. The amount of property tax a person pays is the assessed value of his property multiplied by the tax rate. Ideally,

every property owner should pay the same percentage of the value of his property as his tax bill. However, if one person's property is assessed at fifty percent (50%) of true value and another person's property is assessed at one hundred percent (100%) of true value, the latter person is paying a larger share of the tax burden. This situation results in an inequitable distribution of the property tax burden.

Hunt presented to the Committee his analysis of the North Carolina Real Property Tax System. A copy of this analysis is contained in Appendix E of this report. Through his analysis, Hunt informed the Committee that as a general rule, the assessment levels between properties are neither maintained at the true value standard nor uniform except in the year of reappraisal. During the interim years following a revaluation, the appraised value of the property remains constant while the true value of the property may increase or decrease. As a result, the taxpayer owning property in the best area of the county where the true value of property is increasing, pays less property taxes in relation to the true value of his property than the person owning property in the static or declining area of the county. When the time for revaluation occurs, there usually exist a wide variance between the true value and the assessed value of the property. When the value is assessed to equal one hundred percent (100%) of true value, the shift in value is dramatic and public outcry is heard.

The Committee invited numerous tax assessors and county officials from across the State to speak. Their comments echoed the opinions expressed by Hunt. Many counties have voluntarily moved toward more frequent revaluations conducted by in-house personnel. The Committee learned from the counties who had conducted in-house appraisals that although the initial cost of the in-house revaluation is similar to the cost of hiring an outside firm, the subsequent cost of reappraisals decreases. However, to justify hiring the staff to conduct in-house appraisals, a county must be committed to conducting a revaluation more often than once every eight years.

To improve this situation and to create greater equity in the distribution of the property tax burden, the Committee concluded reappraisals should be conducted more often. Also, experience has shown the effectiveness of a reappraisal is greater when it is conducted by county tax personnel rather than outside appraisal firms. The number of appeals lessen and the quality of the appraisals improve since the people conducting the revaluation have a better knowledge of the area and the taxpayers. The Committee recommends that the counties begin to use in-house personnel to conduct their reappraisals.

Some of the problems associated with requiring shorter revaluation cycles would be the cost of conducting more frequent reappraisals, the incomplete mapping of several counties, and the lack of computerization in many counties. Also, in times of slow economic growth or in counties experiencing little economic growth, eight years may be often enough to reappraise property. The key to effective and fair revaluations is to keep the true value of property and the assessed value of property within a reasonable dispersion level. In counties experiencing rapid growth, this criteria may mean reappraising property every three to four years.

In judging the effectiveness of a county's revaluation, one can look at the median ratio and the coefficient of dispersion achieved by the county. The Department of Revenue is required by G.S. 105-289(h) to prepare an annual sales assessment ratio study of each county. The study contains the median ratio for each county. The median ratio reveals how close a county appraised property to its true value. More informative, the coefficient of dispersion reveals how much variance exist among the appraised properties. For example, if a county has an assessment level of 95 percent (95%) and a coefficient of dispersion of forty, one knows that the level of assessment ranges from sixty to 135 percent of true value. The result is that some property is being overtaxed while other property is being undertaxed. The distribution of the tax

burden among the county's property owners is not equal. According to the analysis prepared by Hunt, a coefficient of dispersion less than twenty indicates a reasonable dispersion level.

Based upon the testimony heard and the facts learned, the Committee decided to recommend legislation that would advance the octennial cycle whenever the assessment factor exceeds fifty. The assessment factor is the reciprocal of the median ratio added to the coefficient of dispersion as established by the Department of Revenue. For example, if a county has a median ratio of eighty percent (80%) and a coefficient of dispersion of forty, the assessment factor is sixty and a reappraisal will need to be scheduled.

This legislation will cause counties experiencing rapid economic growth to revaluate more often than once every eight years. The Committee learned that the more often a county revaluates, the more likely it is to conduct the revaluation using in-house personnel. Therefore, in these counties, the use of in-house personnel to conduct revaluations will be encouraged since the cost of in-house appraisals is less than the cost of hiring outside appraisal firms. The recommendation is contained in Legislative Proposal 1 of this report.

III. REAL PROPERTY TRANSFER DISCLOSURE STATEMENTS

The Property Tax Appraisal Study Committee considered the need for real property transfer disclosure statements during its discussion of the sales assessment ratios. Representatives of the Department of Revenue, as well as Joseph Hunt with the Institute of Government and various county tax officials, addressed the Committee on the need for disclosure statements. In conducting sales assessment ratio studies, the Department and the tax officials must rely upon the value shown on the tax stamps affixed on the deeds to gather the necessary sales information. The appraisal industry

does not consider this information reliable. Because the Department does not have access to full information regarding sales, it has difficulty defending its sales ratio studies against challenges. In order to conduct more accurate studies based on broader samples, the Department needs the additional information that would be produced by requiring the parties to real property transfers to file disclosure statements.

The Committee reviewed disclosure requirements in North Carolina and in other states; the information gathered is contained in Appendix F of this report. The Committee asked for input from all interested parties on the issue of requiring real property disclosure statements. The Department of Revenue offered a proposed disclosure statement that required information regarding the nature of the transaction and the consideration on a form that would be separate from the deed. A copy of this proposed disclosure statement is contained in Appendix G of this report. A survey of the 100 counties conducted by the North Carolina Association of County Commissioners produced 54 responses: 39 in favor of disclosure statements, 10 opposed, and 5 with no position. Representatives of the Association of County Commissioners acknowledged that disclosure statements would be helpful to the Department in conducting sales assessment ratio studies but expressed concern about the administrative burden of requiring lengthy forms. One member of the Committee suggested attaching a copy of the federal 1099D form to the deed or sending a copy of it to the tax office. However, it was pointed out the 1099D form applies only to the sale of residential property. Another member of the Committee who is also a county official stated that any disclosure statement should require the names of the parties and the sales price, should not be confidential, and should not be on a separate form. On the other hand, a representative of the North Carolina Bar Association stated that the Association felt the information must be kept confidential and should be on a form separate from the deed. Finally, a representative of the North Carolina Association of

Realtors stated that the Association was not able to formally endorse a disclosure statement at this time. Because of the numerous competing concerns and conditions presented to the Committee, the Committee decided not to recommend legislation requiring real property transfer disclosure statements.

IV. STRENGTHEN THE REAPPRAISAL PROCESS

In the course of its meetings, the Property Tax Appraisal Study Committee heard from counties who had encountered problems in their revaluation process. The counties experienced high tax value increases, delayed tax base determinations, and many appeals. The Committee expressed a desire to formulate some alternatives that would help strengthen the reappraisal process.

At one of its meetings, the Committee learned that the board of county commissioners could adopt a resolution creating a special board of equalization and review composed of local citizens and experts in the field of real property valuation. Approximately one-third of the counties use a special board. The duties of the special board of equalization and review are identical to the duties of a board of equalization and review composed of county commissioners--to list, appraise, and assess property, correct errors, and hear taxpayer appeals.

G.S. 105-325(a) does not allow the county commissioners to authorize any changes to the orders of the special board once the changes ordered by the special board have been entered on the abstracts and tax records. If a taxpayer is not satisfied with an order of the special board, he may appeal the order to the Property Tax Commission. Members of the Committee expressed concern that the county's elected officials do not have the authority to change the orders of the special board. The Committee felt the board of county commissioners should have the opportunity to hear the taxpayers' complaints with regard to their property tax values.

The Committee decided to recommend legislation that will allow the board of county commissioners to adopt an appeal procedure as part of the resolution creating the special board of equalization and review. The legislation neither requires that an appeal procedure be included in the resolution nor dictates the procedural details of the appeal. This recommendation is contained in Legislative Proposal 2 of this report.

One of the duties of the board of equalization and review is to hear taxpayer appeals. As a general rule, the board can not sit later than July 1. This deadline is imposed on the board so the tax base maybe established before the county commissioners must decide upon the tax rate, which becomes effective January 1.

Through the testimony the Committee heard, it learned that counties whose revaluation of real property is delayed beyond a reasonable time experience many appeals and hear a loud public outcry. Members of the Committee voiced concern that the taxpayers in these counties did not have adequate time to address the board of equalization and review about their new tax assessment. The current law allows the board to sit longer than July 1 to hear requests from taxpayers to whom notices of a change in their property tax value were mailed less than 15 days prior to the board's adjournment so long as the taxpayer request the hearing within 15 days after the notice is mailed. Also, the law provides that the failure of the board to adjourn within the time prescribed by law is an immaterial irregularity that will not invalidate the tax imposed on property.

The Committee concluded that these exceptions to the general rule were not sufficient. To help the taxpayers in the counties whose revaluation is delayed beyond a reasonable time, the Committee decided to recommend legislation extending the life of the board of equalization and review until December 1 in the years a county conducts a revaluation. This recommendation is contained in Legislative Proposal 3 of this report.

The Committee spent a great deal of time studying the revaluations conducted in Haywood and Cherokee counties. These two counties had a difficult reappraisal that was characterized by public resentment, many appeals, and delayed deadlines. The Committee concluded that some measures should be provided to assist counties who find themselves in trouble once a revaluation has been initiated.

Many of the solutions to the problems associated with the Haywood and Cherokee county revaluations can be found in a tightly drawn contract between the county and the contracted reappraisal firm. Under current law, a county can request the Department of Revenue to review its contract; however, it is not required to seek the Department's advice. The Committee decided to recommend legislation that will require a county to present its specifications and contract to the Department for review before inviting or accepting any bids. The Department will review the contract for any potential deficiencies in the scope of work and to evaluate the need for additional terms to insure adequate protection for the county. The recommendation does not require the Department to approve the contract. .

The Committee also decided to recommend legislation requiring the board of equalization and review to submit to the Department of Revenue a report evaluating the reappraisal process upon the completion of its other duties. The report should detail any problem the board encountered in the county's revaluation, the number of appeals submitted to the board. the success rate of the appeals. and the name of the firm that conducted the reappraisal for the county. This report will be filed in the register the Department maintains on the appraisal firms registered with the State. The legislation will also require the Department to record the sales assessment information by appraisal firm as well as by county.

The Committee's objective with the recommended legislation is to provide the counties with adequate resources upon which to base their decision as to which firm to

hire and what terms to include in the contract. The recommendation encompassing these ideas is contained in Legislative Proposal 4 of this report.

V. LAND RECORDS MANAGEMENT PROGRAM

The Property Tax Appraisal Study Committee reviewed the issue of land and soil mapping across the State. The North Carolina Land Records Management Program was established by the General Assembly in 1977. The objective of the program is to map the entire State using established standards. The program is voluntary; counties who choose to participate are eligible for matching grants from the State. A county can use the completed maps for appraisals, medical services, water and sewer development, economic development, school districting and bus routing, and voter registration. According to representatives of the Land Resources Division of the Department of Natural Resources and Community Development, seventy-one counties have either completed mapping projects or are in the process of mapping. Charts setting out the status of land mapping projects, land mapping grant awards, and soil mapping projects are contained in Appendix H of this report.

Many of the tax officials and appraisers addressing the Committee, as well as Joseph Hunt with the Institute of Government and representatives from the Department of Revenue, listed good mapping and good land records as prerequisites for good revaluations. According to the Department, one of the key elements for improving county reappraisals is to speed up the mapping of the remaining counties.

The Committee devoted a large portion of one of its meetings to a presentation by Fletcher "Tex" Norwood, President of CAD Associates, a company that performs mapping services for counties and municipalities. The company is located in Ft. Worth, Texas. CAD Associates is currently mapping Dare County. The Dare County tax officials appear pleased with the work of the company to date. The Committee

considered visiting the county to review the mapping project but delayed this decision since the mapping is in the early stages and would not have anything of real value for the Committee to review until late in the spring of 1989. The Committee was very impressed with Mr. Norwood's presentation and expressed a desire to learn more about it. The Committee recommends that either the life of the Committee be extended until the spring or a fact finding Committee be established to review the mapping project in Dare County once it becomes workable.

The Committee concluded that the Land Records Management Program was of great benefit to local governments and to the State as a whole, but that the State had not consistently appropriated funds sufficient to assure equal funding of mapping projects by the State and local governments. As a result of the lack of funds, some counties have not been able to start a mapping project. In order to send a clear signal to counties that the State will fully fund its share of the Program, the Committee recommended that the State appropriate six million dollars ($6,000,000) in each of the next five fiscal years for a total of thirty million dollars ($30,000,000), the amount needed to complete mapping projects in the counties that have not yet been mapped. This recommendation is contained in Legislative Proposal 5 of this report.

VI. HOMESTEAD EXEMPTION

The Property Tax Appraisal Study Committee devoted parts of several meetings to a discussion of the homestead exemption. Under the local property tax law, persons aged 65 or over and persons who are permanently disabled, regardless of age, are allowed an exemption of the first $12,000 of assessed value of the permanent residence if their disposable income from all sources is less than $11,000. Since the income eligibility amount and the exemption amount are fixed by statute, the value of the exemption is eroded by changes in economic conditions and by revaluation.

The Committee learned that revaluations have a greater impact on taxpayers who receive tax relief under the homestead exemption because they experience a double shift. First, all taxpayers experience a shift in the value of their property after reappraisal. However, the people who receive tax relief under the homestead exemption experience an additional shift upwards in the value of their property from the failure to increase the value of the exemption to reflect the inflation in real value. Lonnie Bost, the Wake County Tax Assessor, explained this double shift to the Committee in great detail. A copy of his remarks detailing the impact of revaluation on the elderly receiving tax relief under the homestead exemption is contained in Appendix I of this report. Examples of the impact of revaluation on the homestead exemption in select counties is contained in Appendix J of this report.

Since its authorization in 1972, the homestead exemption has been amended six times to keep the homestead exemption in line with inflation. All changes to the income eligibility limit and the exemption amount have occurred through a statewide bill enacted by the General Assembly. A chart summarizing the history of the homestead exemption in North Carolina is contained in Appendix K of this report.

The Committee studied different alternatives for providing property tax relief for the elderly so the need for continuous amendments would no longer be necessary. In the course of its study, it examined the methods of relief offered by other states. The information the Committee gathered is contained in Appendix L of this report.

After discussing the various alternatives, the Committee decided the exemption approach continues to be the best alternative for North Carolina. To prevent the exemption amount from eroding during periods of economic changes and after revaluations, the Committee considered various ways to index the amount of the exemption and the income eligibility amount. Bost presented the idea of multiplying the exclusion amount by an established factor. The factor would be determined by

dividing the level of assessment in the revaluation year by the level of assessment determined in the year prior to revaluation. The Association of County Commissioners suggested indexing both the amount of the exclusion and the income eligibility amount to the official poverty index published annually by the U.S. Bureau of Census.

The Committee decided to recommend legislation to the 1989 General Assembly using a variation of both suggestions for indexing the homestead exemption. The bill indexes the exemption amount to the average increase in the market value of the residential property in the county as a result of revaluation. This idea is similar to the one proposed by Bost except that residential property is used for the index instead of all real property. The bill increases the income eligibility amount annually by the same cost-of-living percentage that the federal government increases the Social Security benefits under the authority of 42 U.S.C. 415(i). The fiscal report for this proposal is included in Appendix M of this report. The recommendation implementing the indexing of the homestead exemption is contained in Legislative Proposal 6 of this report.

VII. TAXATION OF FARMLAND PLACED IN THE FEDERAL CRP

The Property Tax Appraisal Study Committee was informed of a new problem that had arisen relating to farmland that was placed in the federal Conservation Reserve Program. The federal Conservation Reserve Program was enacted as part of the federal Farm Bill of 1985. The program provides an incentive for farmers to convert erodible farmland to less intensive uses such as pastures, legumes, shrubs, or trees for a period of at least ten years. Farmers who enrolled part of their land in the program found that depending on what use they chose to convert the land, the land would not be eligible for taxation on the basis of present use value. If the farmer chose to convert his erodible farmland to trees, he would be able to keep his land use valuation. However,

if the farmer elected to convert the farmland to grass, he would not be eligible for land use valuation because that use does not meet the statutory requirement that the land must be in active production.

During the 1988 session, a bill was enacted to allow present use value treatment for farmland, otherwise eligible for such treatment, that is idle due to enrollment in the federal Conservation Reserve Program. A copy of sections 13.1 and 13.2 of Chapter 1044 of the 1987 Session Laws is included in Appendix N of this report.

VIII. CONCLUSION

Other issues studied by the Property Tax Appraisal Study Committee included the turnover rate for tax assessors in the years following revaluation, salary supplements for county tax assessors, tax treatment of unrecorded cemeteries, use valuation of residential property, and condemnation proceedings for land. The Committee made no recommendations on these issues.

Appendix C lists the speakers who appeared before the Committee during the course of its study. The list does not include personnel in the Department of Revenue, who provided information and answered questions raised at Committee meetings on a variety of subjects.

LEGISLATIVE PROPOSALS

The Property Tax Appraisal Study Committee recommends the following legislation to the 1989 General Assembly. The Committee's legislative proposals consist of six bills. Each bill is followed by an explanation of the proposal.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

S/H D

Legislative Proposal 1 (RB-5)
THIS IS A DRAFT AND NOT READY FOR INTRODUCTION

Short Title: Modify Reappraisal Schedule. (Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REQUIRE A GENERAL REAPPRAISAL OF REAL PROPERTY WHEN THE LEVEL OF ASSESSMENT IN THE COUNTY IS SIGNIFICANTLY BELOW FAIR MARKET VALUE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-286 reads as rewritten:

"**§ 105-286. Time for general reappraisal of real property.** (a) Octennial Plan. -- Unless the date shall be advanced as provided in ~~subdivision (a)(2), below.~~ subsection (a1) of this section. each county of the State. as of January 1 of the year prescribed in the schedule set out ~~in subdivision (a)(1).~~ below. and every eighth year thereafter. shall reappraise all real property in accordance with the provisions of G.S. 105-283 and 105-317.

~~(1)~~ Schedule of Initial Reappraisals. --

Division One -- 1972: Avery. Camden. Cherokee. Cleveland. Cumberland. Guilford. Harnett. Haywood. Lee. Montgomery. Northampton. and Robeson.

Division Two -- 1973: Caldwell. Carteret. Columbus. Currituck. Davidson. Gaston. Greene. Hyde. Lenoir. Madison. Orange. Pamlico. Pitt. Richmond. Swain. Transylvania. and Washington.

Division Three -- 1974: Ashe, Buncombe, Chowan, Franklin, Henderson, Hoke, Jones, Pasquotank, Rowan, and Stokes.

Division Four -- 1975: Alleghany, Bladen, Brunswick, Cabarrus, Catawba, Dare, Halifax, Macon, New Hanover, Surry, Tyrrell, and Yadkin.

Division Five -- 1976: Bertie, Caswell, Forsyth, Iredell, Jackson, Lincoln, Onslow, Person, Perquimans, Rutherford, Union, Vance, Wake, Wilson, and Yancey.

Division Six -- 1977: Alamance, Durham, Edgecombe, Gates, Martin, Mitchell, Nash, Polk, Randolph, Stanly, Warren, and Wilkes.

Division Seven -- 1978: Alexander, Anson, Beaufort, Clay, Craven, Davie, Duplin, and Granville.

Division Eight -- 1979: Burke, Chatham, Graham, Hertford, Johnston, McDowell, Mecklenburg, Moore, Pender, Rockingham, Sampson, Scotland, Watauga, and Wayne.

~~(2)~~ (a1) Advancing Scheduled Octennial Reappraisal. -- A county whose assessment factor, as established by the sales assessment ratio studies of real property conducted by the Department of Revenue pursuant to G.S. 105-289(h), exceeds fifty shall reappraise all real property as of January 1 of the second year after it is notified of the assessment factor by the Department of Revenue pursuant to G.S. 105-289(h).

Whenever a county's assessment factor exceeds fifty, the Department of Revenue shall review and study the appraised values of the county's tax base. If the Department determines that the assessment factor exceeds fifty because of inequitable appraised tax values within defined types or categories of real property within the county or within defined geographic areas of the county, it may authorize a one-year delay for the reappraisal of all real property within the county if the county agrees to correct the appraised values of the defined properties within the upcoming year under the guidelines of G.S. 105-287. If the Department finds that the county's assessment factor does not exceed fifty in the following tax year, the county may resume the octennial schedule it was following prior to the adjustment it made under the guidelines of G.S. 105-287, subject to the advancement procedure outlined in this subsection. If the Department finds that the county's assessment factor still exceeds fifty in the following tax year, the county shall reappraise all real property in accordance with the provisions of G.S. 105-283 and 105-317 as of January 1 of the second calendar year after the Department notifies the county that its assessment factor still exceeds fifty.

In addition, a ~~Any~~ county desiring to conduct a reappraisal of real property earlier than required by this subsection or by subsection (a) may do so upon adoption by the board of county commissioners of a resolution so providing. A copy of any such

resolution shall be forwarded promptly to the Department of Revenue. If the scheduled date for reappraisal for ~~any~~ a county is advanced as provided ~~herein,~~ in this subsection, real property in that county shall thereafter be reappraised every eighth year following the advanced date ~~unless, in accordance with the provisions of this subdivision (a)(2), an earlier date shall be adopted by resolution of the board of county commissioners, in which event a new schedule of octennial reappraisals shall thereby be established for that county.~~ unless the date is advanced again in accordance with this subsection.

(b) ~~Fourth-Year Horizontal Adjustments. -- As of January 1 of the fourth year following a reappraisal of real property conducted under the provisions of subsection (a) or (a1), above, each county shall review the appraised values of all real property and determine whether changes should be made to bring those values into line with then current true value. If it is determined that the appraised value of all real property or of defined types or categories of real property require such adjustment, the assessor shall revise the values accordingly by horizontal adjustments rather than by actual appraisal of individual properties: That is, by uniform application of percentages of increase or reduction to the appraised values of properties within defined types or categories or within defined geographic areas of the county.~~

(c) Value to Be Assigned Real Property When Not Subject to Appraisal. -- In years in which real property within a county is not subject to appraisal or reappraisal under subsections (a) or ~~(b),~~ (a1), above, or under G.S. 105-287, it shall be listed at the value assigned when last appraised under this section or under G.S. 105-287."

Sec. 2. G.S. 105-289(h) reads as rewritten:

"(h) To make annual studies of the ratio of the appraised value of real property to its true value and to establish for each county the median ratio and the coefficient of dispersion as determined by the studies for each calendar year. Based upon the studies, the Department shall calculate for each county an assessment factor by adding together the reciprocal of the county's median ratio and the county's coefficient of dispersion. The studies for each calendar year shall be completed by April 15 of the following calendar year. The Department shall notify each county of its assessment factor not later than April 30 of the year the study is completed. The studies shall be conducted in accordance with generally accepted principles and procedures for sales assessment ratio studies."

Sec. 3. This act shall become effective for taxable years beginning on or after January 1, 1990.

Legislative Proposal 1 will require counties to reappraise real property when the assessment factor exceeds fifty. The assessment factor is the reciprocal of the median ratio added to the coefficient of dispersion as established by the Department of Revenue. For example, if a county has a median ratio of eighty percent (80%) and a coefficient of dispersion of forty, the assessment factor is sixty and a reappraisal will need to be scheduled.

Section 1 of the bill rewrites G.S. 105-286 by adding a new subsection (a1) concerning the advancement of the scheduled octennial reappraisal. It provides that the scheduled octennial reappraisal will be advanced whenever the assessment factor exceeds fifty. It allows the county two years to conduct the reappraisal.

The Department of Revenue may authorize a one-year delay in reappraisal for a county if the Department discovers that the assessment factor exceeds fifty because of inequitable appraised values for a specified area of the county. The bill conditions the one-year delay on the county equalizing the appraised values for the property within the specified area with the overall appraised values within the county. The Department will review the assessment factor for the county following the one-year delay. If the county's assessment factor still exceeds fifty, the county will have to conduct a general reappraisal of all real estate within two years. If the county's assessment factor does not exceed fifty following the one-year delay, the county may wait until its scheduled octennial reappraisal to revaluate all the real property.

This section also deletes subsection (b) of G.S. 105-286. The provision has never been used. The provision does not equalize tax values because it bases the horizontal adjustment on current market value, not on the county appraisal value. Also, the change proposed by the bill alleviates the need for this type of adjustment.

S/H D

Legislative Proposal 2 (RB-16)

THIS IS A DRAFT AND NOT READY FOR INTRODUCTION

Short Title: Modify Property Tax Appeals. (Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE A COUNTY TO PERMIT TAXPAYERS TO APPEAL DECISIONS OF THE SPECIAL BOARD OF EQUALIZATION AND REVIEW TO THE BOARD OF COUNTY COMMISSIONERS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-322(a) reads as rewritten:

"(a) Personnel. -- Except as otherwise provided herein, the board of equalization and review of each county shall be composed of the members of the board of county commissioners.

Upon the adoption of a resolution so providing, the board of commissioners is authorized to appoint a special board of equalization and review to carry out the duties imposed under this section. The resolution shall provide for the membership, qualifications, terms of office and the filling of vacancies on the board. The board of commissioners shall also designate the chairman of the special board. The resolution may also authorize a taxpayer to appeal a decision of the special board with respect to the listing or appraisal of his property or the property of others to the board of county commissioners. The resolution shall be adopted not later than the first Monday in March of the year for which it is to be effective and shall continue in effect until

revised or rescinded. It shall be entered in the minutes of the meeting of the board of commissioners and a copy thereof shall be forwarded to the Department of Revenue within 15 days after its adoption.

Nothing in this subsection (a) shall be construed as repealing any law creating a special board of equalization and review or creating any board charged with the duties of a board of equalization and review in any county."

Sec. 2. G.S. 105-325(a) reads as rewritten:

"(a) After the board of equalization and review has finished its work and the changes it effected or ordered have been entered on the abstracts and tax records as required by G.S. 105-323. the board of county commissioners shall not authorize any changes to be made on the abstracts and tax records except as follows:

(1) To give effect to decisions of the Property Tax Commission on appeals taken under G.S. 105-290.

(2) To add to the tax records any valuation certified by the Department of Revenue for property appraised in the first instance by the Department or to give effect to corrections made in such appraisals by the Department.

(3) Subject to the provisions of subdivisions (a)(3)a and (a)(3)b, below, to correct the name of any taxpayer appearing on the abstract or tax records erroneously: to substitute the name of the person who should have listed property for the name appearing on the abstract or tax records as having listed the property; and to correct an erroneous description of any property appearing on the abstract or tax records.

a. Any correction or substitution made under the provisions of this subdivision (a)(3) shall have the same force and effect as if the name of the taxpayer or description of the property had been correctly listed in the first instance, but the provisions of this subdivision (a)(3)a shall not be construed as a limitation on the taxation and penalization of discovered property required by G.S. 105-312.

b. If a correction or substitution under this subdivision (a)(3) will adversely affect the interests of any taxpayer, he shall be given written notice thereof and an opportunity to be heard before the change is entered on the abstract or tax records.

(4) To correct appraisals, assessments, and amounts of taxes appearing erroneously on the abstracts or tax records as the result of clerical or mathematical errors. (If the clerical or mathematical error was made by the taxpayer, his agent, or an officer of the taxpayer and if the correction demonstrates that the property was listed at a substantial understatement of value, quantity, or other measurement, the provisions of G.S. 105-312 shall apply.)

(5) To add to the tax records and abstracts or to correct the tax records and abstracts to include property discovered under the provisions of G.S. 105-312 or property exempted or excluded from taxation pursuant to G.S. 105-282.1(a)(4).

(6) Subject to the provisions of subdivisions (a)(6)a, (a)(6)b, (a)(6)c, and (a)(6)d, below, to appraise or reappraise property when the assessor reports to the board that, since adjournment of the board of equalization and review, facts have come to his attention that render it advisable to raise or lower the appraisal of some particular property of a given taxpayer in the then current calendar year.

a. The power granted by this subdivision (a)(6) shall not authorize appraisal or reappraisal because of events or circumstances that have taken place or arisen since the day as of which property is to be listed.

b. No appraisal or reappraisal shall be made under the authority of this subdivision (a)(6) unless it could have been made by the board of equalization and review had the same facts been brought to the attention of that board.

c. If a reappraisal made under the provisions of this subdivision (a)(6) demonstrates that the property was listed at a substantial understatement of value, quantity, or other measurement, the provisions of G.S. 105-312 shall apply.

d. If an appraisal or reappraisal made under the provisions of this subdivision (a)(6) will adversely affect the interests of any taxpayer, he shall be given written notice thereof and an opportunity to be heard before the appraisal or reappraisal shall become final.

(7) To give effect to decisions of the board of county commissioners on appeals taken under G.S. 105-322(a)."

Sec. 3. This act shall become effective for taxable years beginning on or after January 1, 1990.

EXPLANATION OF LEGISLATIVE PROPOSAL 2

Legislative Proposal 2 will allow the board of county commissioners to include in the resolution creating a special board of equalization and review a procedure for appeal to the county commissioners. Under current law, the board of county commissioners can not change an order of the special board of equalization and review once the change the special board ordered has been entered on the abstracts and tax records.

Section 1 of the bill amends G.S. 105-322(a) by adding a provision giving the board of county commissioners the authority to include an appeal procedure to the board of county commissioners from the special board of equalization and review in the resolution. The bill does not require that an appeal procedure be included in the resolution. The procedural details will be determined by the county commissioners in the resolution.

Section 2 of the bill gives the board of county commissioners the authority to change the orders of the special board of equalization and review on the abstracts and tax records when necessary to give effect to the decision of the board of county commissioners on appeals taken under G.S. 105-322(a).

Section 3 makes this act effective for taxable years beginning on or after January 1, 1990.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

D

Legislative Proposal 3 (RB-17)
THIS IS A DRAFT AND NOT READY FOR INTRODUCTION

Short Title: E&R Boards Extended. (Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ALLOW THE BOARD OF EQUALIZATION AND REVIEW TO ADJOURN ON DECEMBER 1 IN THE YEAR OF A COUNTY REVALUATION OF REAL PROPERTY.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-322(e) reads as rewritten:

"(e) Time of Meeting. -- Each year the board of equalization and review shall hold its first meeting not earlier than the first Monday in April and not later than the first Monday in May. ~~The~~ In years in which a county does not conduct a real property revaluation, the board shall complete its duties on or before the third Monday following its first meeting unless, in its opinion, a longer period of time is necessary or expedient to a proper execution of its responsibilities. In no event shall the board sit later than July 1 except to hear and determine requests made under the provisions of subdivision (g)(2), below, when such requests are made within the time prescribed by law. In the year in which a county conducts a real property revaluation, the board shall complete its duties on or before December 1, except that it may sit after that date to hear and determine requests made under the provisions of subdivision (g)(2), below, when such requests are made within the time prescribed by law. From the time of its first meeting

until its adjournment. the board shall meet at such times as it deems reasonably necessary to perform its statutory duties and to receive requests and hear the appeals of taxpayers under the provisions of subdivision (g)(2). below."

Sec. 2. This act shall become effective for taxable years beginning on or after January 1, 1990.

EXPLANATION OF LEGISLATIVE PROPOSAL 3

Legislative Proposal 3 extends the time the board of equalization and review may meet by five months in the year a county conducts a revaluation. The bill amends G.S. 105-322(e) by creating two adjournment dates. The July 1 deadline remains the same for non-revaluation years. The bill creates a December 1 deadline for revaluation years.

Section 2 makes this act effective for taxable years beginning on or after January 1, 1990.

S/H D

Legislative Proposal 4 (RB-18)
THIS IS A DRAFT AND NOT READY FOR INTRODUCTION

Short Title: Increase Quality of Reappraisals. (Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED

AN ACT TO MAKE AVAILABLE TO COUNTIES INFORMATION HELPFUL IN CHOOSING A FIRM TO CONDUCT A REAPPRAISAL AND TO REQUIRE THE DEPARTMENT OF REVENUE TO ASSIST COUNTIES DURING THE CONTRACT PHASE OF COUNTY REAPPRAISAL.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-299 reads as rewritten:

"**105-299. Employment of experts.** The board of county commissioners may employ appraisal firms. mapping firms or other persons or firms having expertise in one or more of the duties of the assessor to assist him or her in the performance of such duties. The county may make available to such persons any information it has that will facilitate the performance of a contract entered into pursuant to this section. Persons receiving such information shall be subject to the provisions of G.S. 105-289(e) and G.S. 105-259 regarding the use and disclosure of information provided to them by the county. Any person employed by an appraisal firm whose duties include the appraisal of property for the county shall be required to demonstrate that he or she is qualified to carry out such duties by achieving a passing grade on a comprehensive examination in the appraisal of property administered by the Department of Revenue.

In the employment of such firms, primary consideration shall be given to the firms registered with the Department of Revenue pursuant to the provisions of G.S. 105-289(i). A copy of the specifications to be submitted to potential bidders and a copy of the proposed contract shall be sent by the board to the Department of Revenue for review before the invitation or acceptance of any bids. Contracts for the employment of such firms or persons shall be deemed to be contracts for personal services and shall not be subject to the provisions of Article 8, Chapter 143, of the General Statutes."

Sec. 2. G.S. 105-289(d) reads as rewritten:

"(d) In exercising general and specific supervision over the valuation and taxation of property, the Department shall provide the following:

(1) A continuing program of education and training for local municipal tax officials in the conduct of their duties;

(2) A program for testing the qualifications of an assessor and other persons engaged in the appraisal of property for a county or municipality; ~~and~~

(3) A certification program for an assessor and other persons engaged in the appraisal of property for a county or ~~municipality.~~ municipality; and

(4) A written review of the specifications and proposed contract sent to the Department for review pursuant to G.S. 105-299. In its review, the Department shall identify any potential deficiencies in the scope of the work and evaluate the need for additional terms to insure adequate protection for the county.

The Department shall promulgate regulations to carry out its duties under this subsection."

Sec. 3. G.S. 105-322(g) is amended by adding a new subdivision to read:

"(4) Upon the completion of its other duties, the board shall submit to the Department of Revenue a report outlining the quality of the reappraisal, any problems it encountered in the reappraisal process, the number of appeals submitted to the board and to the Property Tax Commission, the success rate of the appeals submitted, and the name of the firm that conducted the reappraisal. A copy of the report should be sent by the board to the firm that conducted the reappraisal."

Sec. 4. G.S. 105-289(i) reads as rewritten:

"(i) To maintain a register of appraisal firms, mapping firms and other persons or firms having expertise in one or more of the duties of the assessor; to review the qualifications and work of such persons or firms; and to advise county officials as to the professional and financial capabilities of such persons or firms to assist the assessor in carrying out his duties under this Subchapter. The register shall include a copy of the report filed by the counties pursuant to G.S. 105-322(g)(4). It shall also include the average median sales assessment ratio and the coefficient of dispersion achieved in each county for the first two years following the county's effective date of revaluation. To be registered with the Department of Revenue, such persons or firms shall annually file a report with the Department setting forth the following information:

(1) A statement of the firm's ownership.

(2) A statement of the firm's financial condition,

(3) A list of the firm's principal officers with a statement of their qualifications and experience,

(4) A list of the firm's employees with a statement of their education, training and experience, and

(5) A full and complete resume of each employee which the firm proposes to place in a supervisory position in any mapping or revaluation project for a county in this State."

Sec. 5. This act shall become effective for taxable years beginning on or after January 1, 1990.

EXPLANATION OF LEGISLATIVE PROPOSAL 4

Legislative Proposal 4 is designed to place the counties in a better position when choosing an appraisal firm to conduct their revaluation. The bill increases the supervisory capacity of the Department of Revenue over the counties' contracting process and makes more information available to the counties about the quality of work of the various firms they are considering.

Sections 1 and 2 of the bill require each county to submit a copy of the specifications and a copy of the proposed contract to the Department of Revenue for review before the invitation or acceptance of any bids. The Department is required to give a written report about the contract to the county. This requirement will allow the Department to advise the county on what terms should be present in the specifications and contract. The law would not require that contracts be approved by the Department.

Section 3 requires each board of equalization and review to submit a report to the Department evaluating the reappraisal process. Section 4 requires the Department to file this report with the information contained in its register about the respective firms. The report will be made available to other counties deciding what firm to hire.

Section 4 also requires the Department to list the sales assessment information by reappraisal firm as well as by county. The figures listed will be for the first two years following the effective date of revaluation in each county where the firm conducted a revaluation. This information will also be made available to the counties through the register maintained by the Department. This information will provide the counties with a measure of the firm's quality of work. Section 5 makes this act effective for taxable years beginning on or after January 1, 1990.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

S/H D

Legislative Proposal 5 (RB-19)
THIS IS A DRAFT AND NOT READY FOR INTRODUCTION

Short Title: Land Mapping Funds. (Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE LAND RECORDS MANAGEMENT PROGRAM FOR MATCHING GRANTS TO COMPLETE MAPPING PROJECTS IN EVERY COUNTY.

Whereas, the North Carolina Land Records Management Program was established by the General Assembly in 1977; and

Whereas, the objective of the program is to map the entire State using established standards; and

Whereas, completed maps can be used for appraisals, planning, police protection, waste management, fire and emergency medical services, water and sewer development, economic development, school districting and bus routing, redistricting, and other purposes; and

Whereas, due to a shortage of funds for mapping grants, many counties have been unable to participate in the mapping program; and

Whereas, the Property Tax Appraisal Study Committee and the Property Tax Systems Study Committee recommend that the 1989 General Assembly send a clear signal to counties that the State will fully fund its share of the program over the next five years; Now, Therefore,

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Natural Resources and Community Development, Land Resources Division, the sum of six million dollars ($6,000,000) for the 1989-90 fiscal year and the sum of six million dollars ($6,000,000) for the 1990-91 fiscal year to be used for matching grants to counties for the completion of base map projects as provided in G.S. 102-15, 102-16, and 102-17.

Sec. 2. This act shall become effective July 1, 1989.

EXPLANATION OF LEGISLATIVE PROPOSAL 5

Legislative Proposal 5 appropriates six million dollars ($6,000,000) in each of the next two fiscal years to the Department of Natural Resources Community Development, Land Resources Division, for matching grants for the completion of base map projects under the Land Records Management Program in counties that remain unmapped. The whereas clauses in the bill state that the General Assembly intends to fully fund its share of the Land Records Management Program over the next five years.

Section 2 makes this act effective on July 1, 1989.

The bill is identical to the bill adopted by the Property Tax System Study Committee.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

S/H D

Legislative Proposal 6 (RB-6)
THIS IS A DRAFT AND NOT READY FOR INTRODUCTION

Short Title: Index Homestead Exemption. (Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED

AN ACT TO INDEX THE AMOUNT OF THE PROPERTY TAX HOMESTEAD EXEMPTION AND THE AMOUNT OF THE INCOME THRESHOLD FOR ELIGIBILITY FOR THE EXEMPTION.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-277.1 reads as rewritten:

"**§ 105-277.1. Property classified for taxation at reduced valuation.** (a) ~~The following class of property~~ Real property or a mobile home owned and occupied by a qualifying owner as his permanent residence is designated a special class of property under Article V, Sec. 2(2) of the North Carolina Constitution and is taxable in accordance with this section. ~~shall be assessed for taxation as follows.~~ The assessed value of classified property equal to the index amount is exempt from taxation. The index amount will be fifteen thousand dollars ($15,000) for each county until the county's next revaluation of real property. Upon the effective date of a county's revaluation, the index amount for that county shall increase in proportion to the average increase in the market value of residential property values in the county, as determined by the Department of Revenue pursuant to G.S. 105-289(j), rounded to the nearest one hundred dollars ($100.00). The index amount will remain the same in the county until its next revaluation of real property. ~~The first twelve thousand dollars ($12,000) in~~

~~assessed value of real property, or a mobile home, owned by a North Carolina resident and occupied by the owner as his permanent residence shall not be assessed for taxation if, as of January 1 of the year for which the benefit of this section is claimed:~~

~~(1) The owner is either 65 years of age or older or is totally and permanently disabled; and~~

~~(2) The owner's disposable income for the preceding calendar year did not exceed eleven thousand dollars ($11,000); and~~

~~(3) The owner makes the required application.~~

~~For married applicants residing with their spouses, the disposable income of both spouses must be included, whether or not the property is in both names.~~

The income eligibility amount will be eleven thousand dollars ($11,000) for taxable years beginning on or after January 1, 1990, and before January 1, 1991. For taxable years beginning on or after January 1, 1991, the income eligibility amount will be the amount for the preceding taxable year increased by the same percentage as the federal government increased the benefits under titles II and XVI of the Social Security Act, rounded to the nearest one hundred dollars ($100.00). The percentage increase for the benefits under titles II and XVI of the Social Security Act are based on the authority contained in 42 U.S.C. 415(i) and is published in the Federal Register on or before November 1 of the calendar year for which the increase is to be effective. The adjustment in the income eligibility amount shall be calculated by the Department of Revenue prior to December 1 for each taxable year preceding the start of the taxable year and notice of the change shall be sent by the Department to the tax assessors of each county.

(b) Definitions. -- When used in this section, the following definitions shall apply:

(1) An 'owner' of property means a person who holds legal or equitable title to the property, either individually or as a tenant by the entirety, a joint tenant, a tenant in common, a life estate or an estate for the life of another. Property owned and occupied by husband and wife as tenants by the entirety shall be entitled to the full benefit of this classification notwithstanding that only one of them meets the age or disability requirements herein provided. If the residence is a mobile home and is jointly owned by husband and wife, it shall be treated as property held by the entirety. When property is owned by two or more persons other than husband and wife and one or more of such owners qualifies for this classification, each qualifying owner shall be entitled to the full amount of the exclusion not to exceed his or her proportionate share of the valuation of the property. No part of an exclusion available to one co-owner may

be claimed by any other co-owner and in no event shall the total exclusion allowed to a qualifying residence (including the household personal property therein) exceed ~~twelve thousand dollars ($12,000).~~ the index amount.

(2) 'Disposable income' means adjusted gross income as defined for North Carolina income tax purposes in G.S. 105-141.3 plus all other moneys received from every source other than gifts or inheritances received from a spouse, lineal ancestors, or lineal descendants.

(3) 'Permanent residence' means legal residence. It includes the dwelling, the dwelling site, not to exceed one acre, and related improvements. The dwelling may be a single family residence, a unit in a multi-family residential complex or a mobile home. Notwithstanding the occupancy requirements of this classification, an otherwise qualified applicant shall not lose the benefit of the exclusion because of a temporary absence from his or her permanent residence for reasons of health, or because of an extended absence while confined to a rest home or nursing home, so long as the residence is unoccupied or occupied by the applicant's spouse or other dependent.

(4) A 'totally and permanently disabled person' means one who has a physical or mental impairment which substantially precludes him from obtaining gainful employment and such impairment appears reasonably certain to continue without substantial improvement throughout his lifetime.

(5) The 'aggregate household income' means the total disposable income of all the persons maintaining a permanent residence in the household.

(6) A 'qualifying owner' means an owner who, as of January 1 preceding the taxable year for which the benefit of this section is claimed:

a. Is a North Carolina resident;
b. Is at least 65 years old or is totally and permanently disabled;
c. Had an aggregate household income for the immediately preceding calendar year of not more than the income eligibility amount specified by the Department of Revenue; and
d. Made the application required by subsection (c) of this section.

(c) Application. -- Applications for the exclusions provided by this section are to be filed during the regular listing ~~period, but,~~ period but shall be accepted at any time up to and through April 15 of the calendar year for which they are to be effective. When property is owned by two or more persons other than husband and wife and one or more of them qualifies for this exclusion, each such owner shall apply separately for his or her proportionate share of the exclusion.

(1) Elderly Applicants. -- Persons 65 years of age or older may apply for this exclusion by entering the appropriate information on a form made available by the assessor under G.S. 105-282.1.

(2) Disabled Applicants. -- Persons who are totally and permanently disabled may apply for this exclusion by (i) entering the appropriate information on a form made available by the assessor under G.S. 105-282.1 and (ii) furnishing acceptable proof of their disability. Such proof shall be in the form of a certificate from a physician licensed to practice medicine in North Carolina or from a governmental agency authorized to determine qualification for disability benefits. After a disabled applicant has qualified for this classification, he or she shall not be required to furnish an additional certificate unless the applicant's disability is reduced to the extent that the applicant could no longer be certified for the taxation at reduced valuation."

Sec. 2. G.S. 105-289 is amended by adding a new subsection to read:

"(j) To calculate the amount of the property tax homestead exemption provided in G.S. 105-277.1 and the amount of the income threshold for eligibility for the exemption. When a county conducts a revaluation, the Department shall estimate the average increase in the market value of that county's residential property since its last real property revaluation. To determine the amount of that county's homestead exemption, the Department shall increase the county's present homestead exemption amount in proportion to the average increase in the market value of residential property in the county. The Department shall notify the tax assessor of that county of the homestead exemption amount prior to March 31 of the year the revaluation becomes effective.

For taxable years beginning on or after January 1, 1991, the Department shall adjust the income eligibility amount prior to December 1 of the taxable year preceding the start of the taxable year. The income eligibility amount shall be the amount for the preceding taxable year increased by the same percentage that the federal government calculated the most recent cost-of-living increase for the benefits under titles II and XVI of the Social Security Act, rounded to the nearest one hundred dollars ($100.00). The percentage increase for the benefits under titles II and XVI of the Social Security Act are based on the authority contained in 42 U.S.C. 415(i) and is published in the Federal Register on or before November 1 of the calendar year for which the increase is to be effective. Notice of the change shall be sent by the Department to the county assessors of each county."

Sec. 3. This act is effective for taxable years beginning on or after January 1, 1990.

EXPLANATION OF LEGISLATIVE PROPOSAL 6

Legislative Proposal 6 indexes the homestead exemption amount to the average increase in the market value of the residential property in the county as a result of a revaluation. It indexes the income eligibility amount annually to the cost-of-living increase in the Social Security benefits.

The bill increases the homestead exemption amount for taxable years beginning on or after January 1, 1990 from $12,000 to $15,000. This amount will remain in effect until each county's next real property revaluation. At that time, the Department of Revenue will estimate the average increase in the market value of residential property in the county since its last revaluation. The homestead exemption amount will be increased in proportion to that increase. The Department will notify the tax assessor of the exemption amount prior to March 31 of the year the revaluation becomes effective.

The bill increases the income eligibility amount for the homestead exemption annually with taxable years beginning on or after January 1, 1991. The income amount of $11,000 will be increased by the same percentage that the federal government increases the Social Security benefits. The federal government, under the authority of 42 U.S.C. 415(i), increases the benefits received under titles II and XVI of the Social Security Act by a cost-of-living percentage. The increase takes effect in December of the current calendar year and the percentage increase is published in the Federal Register on or before November 1 of the current calendar year. The Department will notify the tax assessors of each county of the income eligibility amount prior to December 1 for each taxable year preceding the start of the taxable year.

Section 2 amends G.S. 105-289, the Duties of the Department of Revenue, to include the calculation of the homestead exemption amount and the income eligibility amount.

Section 3 makes this act effective for taxable years beginning on or after January 1, 1990.

APPENDIX A

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION
RATIFIED BILL

CHAPTER 873
HOUSE BILL 1

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMITTEES AND COMMISSIONS, TO MAKE APPROPRIATIONS THEREFOR, AND TO AMEND STATUTORY LAW.

The General Assembly of North Carolina enacts:

PART I. TITLE

Section 1. This act shall be known as "The Study Commissions and Committees Act of 1987."

. . .

PART XXIV.-----PROPERTY TAX APPRAISAL STUDY COMMISSION

Sec. 24.1. Study commission established: membership. There is established a Property Tax Appraisal Study Commission. The Commission shall consist of 16 members who are legislators at the time of their appointment and six other members as provided below. The President of the Senate shall appoint eight members of the Senate, and the Speaker of the House of Representatives shall appoint eight members of the House of Representatives to serve on the Commission. To aid the Commission in its study of property tax appraisals, six additional members shall be appointed as follows:

(1) The Speaker of the House shall appoint three members, one of whom is a county commissioner, one a county tax official, and one a citizen representing the public at large; and

(2) The President of the Senate shall appoint three members, one of whom is a county commissioner, one an elected municipal official, and one a citizen representing the public at large.

Sec. 24.2. All appointments shall be made in time for the Commission to begin its work by October 1, 1987. The Speaker of the House of Representatives and President of the Senate shall jointly call the first meeting to be held on a date no later than October 1, 1987.

Sec. 24.3. Selection of cochairs; vacancies. The President of the Senate and the Speaker of the House of Representatives shall each designate one of the legislative members appointed by them as cochair of the Commission. Original members appointed to the Commission shall serve until the Commission makes its final report. Vacancies on the Commission shall be filled in the same manner as the original appointments were made.

Sec. 24.4. Subject of study. The Commission shall make a detailed and comprehensive study of the system for appraising and reappraising real property for ad valorem taxation in North Carolina. The Commission shall examine all classes of real property in the property tax base and all aspects of the appraisal and reappraisal of the property, including standards for appraisal, dates for appraisal and reappraisal, methods of appraisal and reappraisal, effectiveness and fairness of appraisal in each county, administration of real property appraisal, and review and appeals of appraised valuations. In examining the octennial revaluation system, the Commission shall evaluate the feasibility of any programs that would aid counties in conducting more frequent revaluations.

Sec. 24.5. Reports; termination. On or before March 1, 1989, the Commission shall submit a final written report of its recommendations to the General Assembly by filing the report with the Speaker of the House of Representatives and President of the Senate. If legislation is recommended, the Commission shall submit appropriate bills with its report. The Commission shall terminate upon filing its final report.

Sec. 24.6. Staff. The Commission shall consult with tax officials in State and local government. With the prior approval of the Legislative Services Commission, the Commission may obtain clerical and professional assistance from the Legislative Services Office. The Commission may also obtain assistance from the Department of Revenue.

Sec. 24.7. Meeting place. With the prior approval of the Legislative Services Commission, the Commission shall meet in the State Legislative Building or the Legislative Office Building.

Sec. 24.8. Members' reimbursement. Commission members who are legislators shall be paid subsistence and travel allowances at the rates established for members of the General Assembly in G.S. 120-3.1. Other Commission members shall be paid subsistence and travel allowances at the rates established in G.S. 138-5.

Sec. 24.9. Funds. There is appropriated from the General Fund to the Legislative Services Commission the sum of twenty-five thousand dollars ($25,000) for the 1987-88 fiscal year to fund the Property Tax Appraisal Study Commission. The funds shall not revert at the end of the 1987-88 fiscal year but shall remain available until the termination of the Study Commission.

. . .

-----EFFECTIVE DATE

Sec. 31. This act is effective on July 1, 1987.

APPENDIX B

MEMBERSHIP OF PROPERTY TAX APPRAISAL STUDY COMMITTEE

Lt. Governor's Appointments

Sen. Richard Conder, Cochair
Post Office Box 1627
Rockingham, NC 28379
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Sen. William H. Barker
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Mr. Mack Bissette
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Sen. Laurence A. Cobb
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Sen. Joseph E. Johnson
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Sen. R. L. Martin
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Sen. David Parnell
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Hon. Tim Pegram
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Sen. A. P. Sands, III
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Reidsville, NC 27320

Speaker's Appointments

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Rep. Charles F. Buchanan
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Mr. Moses Carey
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Rep. Ann Q. Duncan
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Rep. Jeff H. Enloe, Jr.
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Rep. Robert L. McAlister
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(919) 349-7041
Sen. Robert S. Swain
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Hon. Ed Walters
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Mr. Teddy Rogers, Chairman
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Mr. George Short
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Ms. Martha Walston
Legislative Services Office
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Clerk: Ms. Margie Kirby
(919) 733-5770 (O)
(919) 243-3528 (H)

APPENDIX C

PERSONS MAKING PRESENTATIONS BEFORE THE COMMITTEE ON PROPERTY TAX APPRAISAL

Mr. Joseph Hunt
Institute of Government
Chapel Hill, North Carolina

Mr. Ron Aycock
N.C. Assn. of Co. Comm.

Mr. Harvey Pardue
Forsyth Co. Tax Assessor
and Collector

Mr. J. A. Stone
Tax Administrator for
Mecklenburg Co.

Mr. Kermit Lloyd
Orange Co. Tax Assessor

Mr. Bobby Wicker
Harnett Co. Tax Assessor
and Collector

Mr. Terry Rowland
Cabarrus Co. Tax Assessor
and Chairman of the N. C.
Assn. of Assessing Officers

Mr. Vance Bason
Mebane, North Carolina

Mr. Bobby McMahan
Jackson Co. Land Tax Records
Supervisor

Mr. Cecil Dills
Jackson Co. Tax Assessor

Mr. James Blackburn
N. C. Assn. of Co. Comm.

Lonnie Bost
Wake Co. Tax Assessor

Mr. Dave Horne
N. C. Farm Bureau Federation

Mr. Mitch Clary
N. C. Soil Conservation Service

Dr. Duane Neuman
Agricultural Extension Service
North Carolina State University

Mr.Connie Wester
Land Resources Division, NRCD

Mr. Edmund Regan
N. C. Assn. of Co. Comm.

Mr. Ellis Hankins
N. C. League of Municipalities

Mr. Fletcher "Tex" Norwood
CAD Associates
Ft. Worth, Texas

Mr. Bill Green
Cherokee Co. Manager

Mr. Fred Pearson
Pearson Appraisal Service
Richmond, Virginia

Mr. Ben Howell
Haywood Co. Revaluation
Department

II.A.5 STATUTORY STATE REAL PROPERTY ASSESSMENT CYCLES

Years in Cycle	States
1	Alabama, Alaska, Arizona, Arkansas, California, Delaware, District of Columbia, Florida, Georgia, Hawaii, Kansas, Massachusetts, Michigan, Mississippi, Missouri, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Pennsylvania, South Dakota, Utah, Vermont, West Virginia, Wyoming
2	Colorado, Iowa, Kentucky, Nebraska
3	Maryland, Ohio
4	Illinois, Louisiana, Maine, Minnesota, Texas, Virginia, Washington
5	Idaho, Montana, Nevada, Oklahoma, Tennessee, Wisconsin
6	Oregon
8	Indiana, North Carolina
10	Connecticut, Rhode Island
No Cycle	South Carolina

Source: U.S. Bureau of the Census, Taxable Property Values and Assessment-Sales Price Ratios (Washington, DC: GPO, 1984), pp. 274-76.

II.A.6 STATUTORY STATE REAL PROPERTY ASSESSMENT RATIOS

% of Assessed Value to Market Value	States
100	Alaska, California, Delaware, Florida, Hawaii, Idaho, Kentucky, Maine, Maryland, Massachusetts, Nebraska, New Hampshire, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Texas, Virginia, Washington, West Virginia, Wisconsin, Wyoming
70	Connecticut
60	South Dakota
50	Michigan, New Jersey
40	Georgia
33 1/3	Illinois, Indiana, Kansas (30), Nevada (35), New Mexico, Ohio (35)
20	Arkansas
12	Oklahoma
1	Vermont
Classified	Alabama, Arizona, Colorado, District of Columbia, Iowa, Louisiana, Minnesota, Mississippi, Missouri, Montana, North Dakota, South Carolina, Tennessee, Utah

Source: U.S. Bureau of the Census, Taxable Property Values and Assessment-Sales Price Ratios (Washington, DC: GPO, 1984), pp. 261-65.

ANALYSIS
OF THE
NORTH CAROLINA REAL PROPERTY TAX SYSTEM

PREPARED FOR

THE PROPERTY TAX APPRAISAL STUDY COMMISSION

PREPARED BY

Joseph E. Hunt
Institute of Government
University of North Carolina at
Chapel Hill

February 12, 1988

ANALYSIS

1. The Machinery Act of North Carolina requires counties and municipalities, as minimun effort toward uniform appraisal and assessment standards, to conuct a general reappraisal of real property every eight years, and to apply a horizonal adjustment factor to appraisals in the interim fourth year. (if required to bring the values in line with the current true value.) G.S. 105-286

A. The appraisal standard for all property, real and personal, is "True Value", otherwise interpretated as meaning market value, that is, the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used. G.S. 105-283

B. The County Assessor is responsible for conducting the general reappraisal. G.S.105-296

1. The Assessor must be certified by the NC Department of Revenue within two years of appointment. G.S. 105-294 (b) As of this date eighty-seven (87) assessors have been certified and thirteen (13) have not been certified.

a. The average annual salary for North Carolina assessors in 1987 was $26,816. The range was $13,900 - $54,400. 1

b. The national average annual salary for county assessors in 1987 was $30,545. The range was $13,000 - $67,000.2 North Carolina is twenty-three percent (23%) under the national average.

c. In 1985, North Carolina ranked thirty-first (31st) of forty-nine (49) states reporting in salaries of assessing officers.3

2. County Commissioners may employ appraisal firms, mapping firms or other persons or firms to assist the assessor in performance of such duties. G.S.105-299

A. Nineteen (19) counties conducted general reappraisals that were effective on January 1, 1987.

1. Fourteen (14) reappraisals were conducted by appraisal firms and five (5) reappraisals were conducted with in-house resources.

COUNTY	METHOD	# PARCELS	COST/PARCEL
Bertie	IN-HOUSE	14,000	$ 4.64
Burke	VENDOR	41,531	10.88
Chatham	VENDOR	20,000	13.87
Graham	VENDOR	6,500	11.00
Hertford	VENDOR	12,000	8.75
Hyde	VENDOR	7,100	10.75
Johnston	VENDOR	40,000	10.00
McDowell	VENDOR	20,000	13.50
Mecklenburg	IN-HOUSE	174,000	4.02
Moore	IN-HOUSE	50,000	7.71
Orange	IN-HOUSE	34,000	9.00
Pender	VENDOR	17,500	12.00
Rockingham	VENDOR	43,000	12.76
Sampson	VENDOR	30,000	10.21
Scotland	VENDOR	14,000	14.38
Stokes	VENDOR	20,000	10.60
Transylvania	IN-HOUSE	22,000	8.61
Watauga	VENDOR	31,055	11.75
Wayne	VENDOR	45,000	8.40

B. The average cost per parcel for reappraisals during 1987 was ten dollars and fourteen cents ($10.14). Average cost per parcel for in-house reappraisals was six dollars and seventy-nine cents ($6.79), and average cost for vendor reappraisals was eleven dollars and thirty-four cents ($11.34). Vendor reappraisals were sixty-seven percent ($67%) higher in cost.

C. Value levels for the counties conducting reappraisals moved in the following manner.

COUNTY	VALUE LEVEL BEFORE	VALUE LEVEL AFTER
Bertie	84.98	82.97
Burke	62.00	97.94
Chatham	43.68	94.19
Graham	61.74	98.39
Hertford	53.80	95.95
Hyde	51.09	86.25
Johnston	40.44	93.86
McDowell	54.01	95.28
Mecklenburg	82.94	97.44
Moore	61.75	99.09
Orange	76.81	99.63
Pender	46.53	89.42
Rockingham	53.30	100.00
Sampson	54.69	96.47
Scotland	61.44	96.56
Stokes	76.60	94.26
Transylvania	47.91	98.57
Watauga	42.67	97.00
Wayne	50.92	99.04

D. The average aggregate assessment increase from 1987 reappraisals was sixty-three percent (63%) (58.28% to 95.38%). (see addendum chart no. one)

E. Assessment levels between counties are more consistent after a reappraisal. (see figure no. one.)

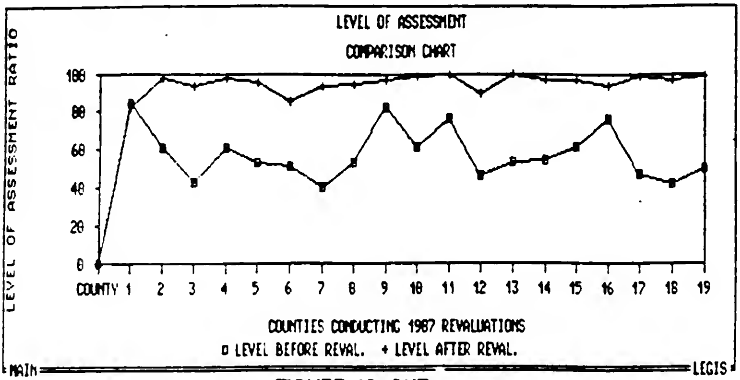


FIGURE NO. ONE

F. Seven assessors in the 1987 reapraisal counties have since left their jobs. This is a turnover rate of thirty-six percent (36%).

G. Public service companies are reappraised annually by the Department of Revenue. G.S. 105-335 (b)

H. Personal property is reappraised annually by the County Assessor. G.S. 105-296 (a)

4. The uniform assessment standard for North Carolina states that all real and personal property shall be assessed at its true value or use value as determined by G.S. 105-283 or G.S. 105-277.6. -- G.S. 105-284(a)

A. True value: all property except that listed below under (B)

B. Use value: agricultural, horticultural and forestland.

5. The assessed value of public service property, assessed by the Department of Revenue shall be determined by applying a percentage to the value established by the department when the county median sales assessment ratio is below ninty percent (90%) in the year of the general reappraisal and every fourth and seventh years thereafter. G.S. 105-284 (b) This percentage of value used to reduce assessments fo public service properties may be established by one of the two methods listed below:

A. Median ratio established in sales assessment ration studies conducted by the Department of Revenue. G.S. 105-284 (b)(1)

B. Weighted average percentage based on median ratio established by the Department of Revenue and a one hundred percent (100%) ratio for personal property. G.S. 105-284 (b) (2)

C. Assuming a nominal real property inflation rate of five percent (5%) per year and a one hundred percent (100%) general reappraisal, the typical county median ratio would be eighty-two percent (82%) at the fourth year, and seventy-one percent (71%) at the seventh year after the reappraisal.

D. Assuming properties increased in value at a rate of ten percent (10%) per year, the ratio for the typical county would slip to sixty-eight percent (68%) at the fourth year, and down to fifty-one percent (51%) at the seventh year after the reappraisal. The average seventh year level prior to 1987 general reappraisals was fifty-eight percent (58%). (see addendum chart no. one)

6. No adequate mechanism currently exists in North Carolina statutes that provides for equalization between classes of properties, other than public service property, during the interim of general reappraisals. E.g., real property vs. personal property; commercial property vs. residential property; one neighborhood vs. another neighborhood, etc.

A. Using the same percentages as stated above, a property with value increasing at an annual rate of ten percent (10%) in a county with a nominal inflation rate of five percent (5%), would be paying approximately eighty percent (80%) of the real property tax burden on the fourth year after the general reappraisal, and approximately 70% on the seventh year. What actually happens is a shift in the property tax burden from properties that are increasing in value more rapidly, to the more typical property. This property tax shift would be corrected only at the next general reappraisal.

B. Assessment sales ratio studies currently being produced do not identify the potential inequities that may exist between general classes of properties other that public service companies. Therefore, data does not exist that could be used in determining the inter-property tax shift that occurs between general classes of properties (residential, income producing, industrial) and the inter-property tax shift that occurs between properties of the same class (residential to residential, neighborhood to neighborhood) during a eight year reappraisal cycle.

C. Assessment inequities between properties are corrected by an accurate general reappraisal. The statistic used to determine assessment inequities is the coefficient of dispersion. A coefficient of dispersion less than 20 indicates reasonable dispersion levels. This statistic must be developed independently for each general class of property if inter-class inequities are to be identified.

D. In most cases, coefficients of dispersion for counties that conducted general reappraisals in 1987 improved; however, the average aggregate COD remainded above 20. The average aggregate reduction in coefficient of dispersion was forty percent (40%) (37.42% to 22.65%). (see figure no. two) (see addendum chart no. one.)

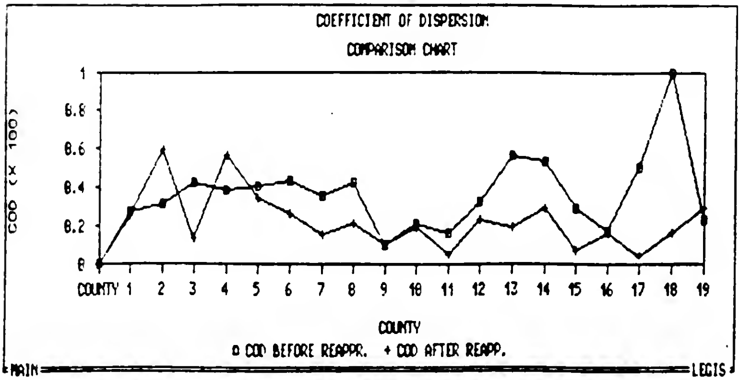


FIGURE NO. TWO

7. On January 1, 1987, public service companies were appraised at the median assessment level in counties in the year of a general reappraisal and the fourth and seventh year after a general reappraisal.

A. Public service companies in counties conducting general reappraisals effective January 1, 1987 were assessed at an aggregate level of ninty-eight percent (97.93%).

B. Public service companies in counties four years after a general reappraisal were assessed at an aggregate level of eighty-two percent (81.73%).

C. Public service companies in counties seven years after a general reappraisal were assessed at an aggregate level of sixty-five (65.20%).

OBSERVATIONS

1. Appraisal/Assessment levels in North Carolina under the octennial plan for general reappraisal are not maintained at the "True value" standard.

A. Assessment levels resemble the "True Value" requirement only in the year of a general reappraisal.

B. Equitable assessment levels between locally and centrally assessed properties are artificially maintained by reducing the assessment levels of centrally assessed properties. This results in a loss of revenue from centrally assessed properties and a shift in the tax burden to locally assessed property.

C. Assessment patterns between individual and classes of locally assessed properties are not uniform except during the year of the general reappraisal. There is no adequate provision to prevent this inequity from occuring without conducting a general reappraisal or applying a horizontal factor in the fourth year following a general reappraisal.

D. There is a correlation between reappraisal and equitable assessment patterns.

2. The position of Assessor in North Carolina is undercompensated and job security is low.

A. North Carolina Assessors' salaries are twenty-three percent (23%) under the national average.

B. Since January 1, 1987, the turnover rate for assessors in counties with 1987 general reappraisals was thirty-six percent (36%).

C. According to a 1986 study by the International Association of Assessing Officers, thirty-three (33) states have some form of assessor certification and nine states have some form of salary increment for certification. In addition to certification, thirty-eight states have assessors or appraisers with voluntary professional designations and eighteen of these states offer some form of salary increment for professional designations. North Carolina has both a mandatory certification requirement for assessors and also a number of professional designees; however, there is no state level salary increment for either.

3. In-house reappraisals are more cost-efficient than vendor conducted reappraisals. (cost-efficient implies highest degree of accuracy at the lowest cost.)

A. Consistently, the lowest coefficients of dispersion and highest level of assessments are acheived by counties conducting in-house reappraisals. (see addenda chart #1)

B. Once the in-house assessment system has been installed, future reappraisals can be conducted more frequently: with greater expertise; with greater accuracy, and at a lower cost to the assessing unit.

C. Counties that develop the ability to conduct in-house reappraisal usually choose to advance the octennial reappraisal schedule.

D. Components of an in-house assessing system are:

* Adequate budget, competent staff, and management controls.
* Land records management system.
* Accurate property characteristics data base.
* Accurate market sales information.
* Computer-assisted mass appraisal system (CAMA).
* Modern data processing and storage.
* Good public relations.
* Periodic assessment/sales ratio studies.

4. The protection provided by the North Carolina Constitution, article V, section 2, paragraph (2), which states that ..."No class of property shall be taxed except by uniform rule"... has not been provided for in the Machinery Act of North Carolina.

A. Although provision has been granted for uniform assessments in the North Carolina Machinery Act permitting locally assessment of property, specific enforcement procedures have been omitted. (exception to this is

the equalizing of public service company assessments in the year of a general reappraisal and the fourth and seventh years thereafter).

B. Existing provisions in the Machinery Act which permit equalization between all classes of property are seldom, if ever, utilized by local assessment units.

* 105-286, (a), (2); Advancing scheduled octennial reappraisal.
* 105-286, (b); Fourth-year horizonal adjustments.
* 105-287, (b), (6); Changes due to external circumstances.

C. Existing provision in the Machinery Act which permit the Department of Revenue to enforce the statutes pertaining to taxation are seldom if ever enforced. 105-289, (g)

RECOMMENDATIONS

1. Replace the octennial plan for general reappraisal with performance standards that shall be maintained by the assessment unit.

A. Assessment accuracy is measured by the level of assessments with relation to "true value" and the uniformity with relation to intergroup variability and intragroup variability.

i. Assessment level. The overall assessment level of a jurisdiction or a stratum should be within ten percent (10%) of the legal level of assessment.[4]

ii. Uniformity among strata. The level of assessment in each stratum should be within 5 percent of the overall assessment ratio of the jurisdiction.[5]

iii. Uniformity within single-family residential strata. Coefficients of dispersion with respect to the median assessment ratio for single-family residences generally should be less than 15 percent.[6]

iv. Uniformity within strata composed in income-producing properties. Coefficients of dispersion should be less than 15 percent.[7]

v. Uniformity within other strata. Coefficients of dispersion should be less than 20 percent.[8]

2. Expand measures of authority and provide adequate funding for the Department of Revenue to carry out North Carolina General Statutes (CH - 105, sec. 289, par. (a) through (i)), pertaining to providing technical support and enforcement of the Machinery Act. Also, broaden the department's responsibility in the following areas:

A. Conduct annually, stratified assessment/sales ratio studies in all 100 counties.

B. Issue default notification in event a county's assessment and uniformity levels do not meet statutory standards.

C. Develop control measures in event a county fails to comply with statutory standards within a reasonable time.

3. Enact legislation requiring the disclosure of information, to include consideration and market value, of real property transfers.

4. Upgrade the quality and improve the stability of the position of County Assessor.

A. Provide guidelines for salary according to size of the jurisdiction.

B. Provide for appointment of Assessor by County manager, thus placing the position on a par with other department heads and removing it from the political arena.

5. Enact legislation to provide, through state funds, a salary increment for anyone employed full time in ad valorem tax administration who achieves the International Association of Assessing Officers (IAAO) professional designation of Certified Assessment Evaluator (CAE), Residential Evaluation Specialist (RES) or the equivalent.

A. Professional designations are voluntary achievements and compensation should occur at point of accomplishment.

B. Professional designations signify qualification to perform one's duties and establishes credibility of the assessment office.

C. There is a high correlation between accurate assessments and existence of professional staff.

6. Increase funding provided for in G. S. 102-15 through -17 to assist counties in developing land record management systems.

A. There is a high correlation between accurate assessments and the existence of a land records management program.

B. Land records management programs provide needed record control for the computerization of the assessing system.

7. Develop application software for a computer-assisted mass appraisal system for use by counties and the Department of Revenue.

A. Automated assessment systems and mass appraisal systems are necessary for counties to monitor appraisal/assessment levels and maintain appropriate assessment standards.

B. Automated mass appraisal support would assist the Department of Revenue in providing technical assistance, auditing assessment rolls, and producing assessment - sales ratio statistics.

[1]Carol S. Burgess, County Salaries in North Carolina (Chapel Hill, Institute of Government, 1987)

[2] Gary M. Langhoff, Report of 1985 Survey... (Chicago: IAAO)

[3]ibid

[4]IAAO, Standard on Assessment-ratio Studies, (9/28/1980) p. 12

[5]ibid

[6]ibid

[7]ibid

[8]ibid

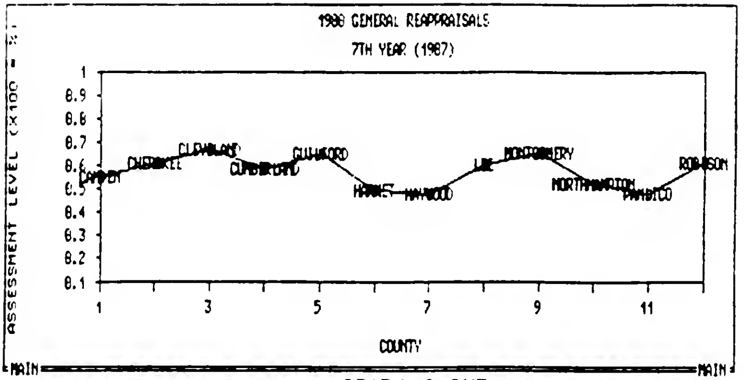
ADDENDA

NORTH CAROLINA COUNTIES CONDUCTING 1987 GENERAL REAPPRAISALS

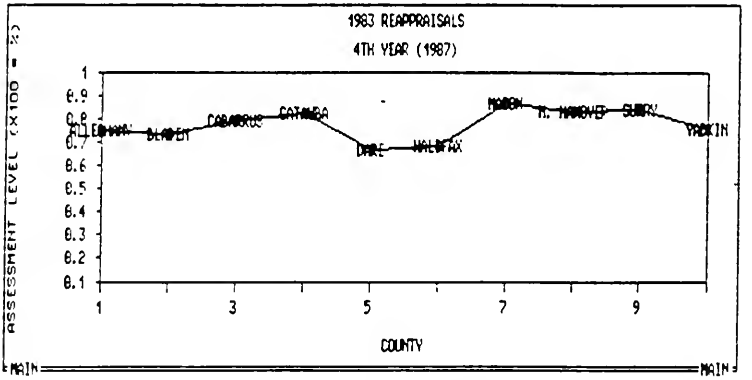
PERFORMANCE STANDARD STATISTICS

# COUNTY	#PARCELS	$/PARCEL LEVEL	BEFORE LEVEL	AFTER LEVEL	BEFORE COD	AFTER COD
1 BERTIE	14,000	$4.64	84.98%	82.97%	27.68%	25.47%
2 BURKE	41,531	$10.08	62.00%	97.94%	31.59%	59.22%
3 CHATHAM	20,000	$13.87	43.68%	94.19%	41.98%	12.69%
4 GRAHAM	6,500	$11.00	61.74%	98.39%	38.28%	56.27%
5 HERTFORD	12,000	$8.75	53.80%	95.95%	40.36%	34.59%
6 HYDE	7,100	$10.75	51.09%	86.25%	43.45%	26.45%
7 JOHNSTON	40,000	$10.00	40.44%	93.86%	35.47%	14.67%
8 McDOWELL	20,000	$13.50	54.01%	95.28%	42.29%	20.94%
9 MECKLENBU	174,000	$4.02	82.94%	97.44%	10.05%	9.76%
10 MOORE	50,000	$7.71	61.75%	99.09%	20.90%	19.44%
11 ORANGE	34,000	$9.00	76.81%	99.63%	15.81%	5.48%
12 PENDER	17,500	$12.00	46.53%	89.42%	32.77%	23.30%
13 ROCKINGHA	43,000	$12.76	53.30%	100.00%	56.43%	19.18%
14 SAMPSON	30,000	$10.21	54.69%	96.47%	53.15%	29.58%
15 SCOTLAND	14,000	$14.38	61.44%	96.56%	29.77%	7.50%
16 STOKES	20,000	$10.60	76.60%	94.26%	17.13%	16.32%
17 TRANSYLVA	22,000	$8.61	47.91%	98.57%	50.38%	3.76%
18 WATAUGA	31,055	$11.75	42.67%	97.00%	99.87%	16.31%
19 WAYNE	45,000	$8.40	50.92%	99.04%	23.68%	29.47%
AVERAGE	33,773	$10.11	58.28%	95.38%	37.42%	22.65%
STAN.DEV.	35,498	$2.71	13.08	4.47	19.29	19.29
MINIMUM	6,500	$4.02	40.44%	82.97%	10.05%	3.76%
MAXIMUM	174,000	$14.38	84.98%	100.00%	99.87%	59.22%

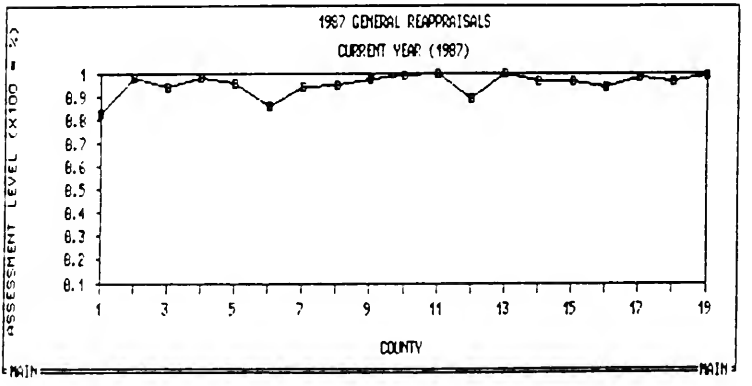
CHART NO. ONE



GRAPH NO. ONE



GRAPH NO. TWO



GRAPH NO. THREE
(FOR COUNTY NAMES SEE CHART NO. ONE)

APPENDIX F

REAL PROPERTY DISCLOSURE STATEMENTS

I. North Carolina law

II. Summary of other states' legislation

III. Statutory provisions and forms
   A. Arizona
   B. Colorado
   C. Florida
   D. Illinois
   E. Iowa
   F. Maine
   G. West Virginia
   H. Wisconsin
   I. Wyoming

NORTH CAROLINA LAW

G.S. 105-303 (attached) authorizes any board of county commissioners to require the register of deeds either to (1) obtain certain information regarding deeds offered for recording or (2) refuse to record a deed until the person offering it shows proof that the appropriate information has been made to the assessor. The information that may be required is limited to the identities of the grantor and grantee and identification of the property.

Burke County has adopted an ordinance pursuant to G.S. 105-303 that requires disclosure of the sales price even though the statute does not authorize such a requirement. To the extent the ordinance exceeds the scope of the authorizing statute, it is probably not binding on the register of deeds. The Burke County ordinance requires the register of deeds to refuse to record any instruments of conveyance, other than mortgages, until information required by the tax supervisor has been presented to the tax supervisor or the register of deeds. The information required includes the names of the grantor and grantee, the sales price of the property, and whether the transaction includes a trade of land. A person who provides false information regarding a conveyance is guilty of a misdemeanor. (Ordinance and form attached).

Pitt County has adopted a resolution instructing the register of deeds to refuse to record deeds which have not been presented to the tax assessor for the purpose of establishing ownership and obtaining addresses of parties responsible for property taxes. Sales price information is not required. (Resolution attached).

§ 105-303. Obtaining information on real property transfers; permanent listing.--(a) To facilitate the accurate listing of real property for taxation, the board of county commissioners may require the register of deeds to comply with the provisions of subdivision (a)(1), below, or it may require him to comply with the provisions of subdivision (a)(2), below:

(1) When any conveyance of real property (other than a deed of trust or mortgage) is recorded, the board of county commissioners may require the register of deeds to certify to the assessor:
   a. The name of the person conveying the property.
   b. The name and address of the person to whom the property is being conveyed.
   c. A description of the property sufficient to locate and identify it.
   d. A statement as to whether the parcel is conveyed in whole or in part.

(2) When any conveyance of real property (other than a deed of trust or mortgage) is submitted for recordation, the board of county commissioners may require the register of deeds to refuse to record it unless it has been presented to the assessor and the assessor has noted thereon that he has obtained the information he desires from the conveyance and from the person recording it.

ORDINANCE

WHEREAS, the welfare and best interests of Burke County and the citizens thereof best promoted by a system of property tax listing and evaluation which is accurate and all citizens equally.

WHEREAS, to carry out this purpose, it is absolutely necessary that the Burke Cou Supervisor have records which show true ownership and reliable information on which to property at its fair market value.

WHEREAS, G.S. 105-303(A)(2) provides a means for obtaining such necessary informa

BE IT THEREFORE ORDAINED THAT:

1. The Register of Deeds of Burke County shall refuse to record any deeds or other instruments of conveyance (other than a deed of trust or mortgage) until tax information as described herein and other information which the Tax Supervisor deems necessary shall have been presented along with the deed or other conveyance to the Register of Deeds.

2. The Tax Supervisor shall provide the Register of Deeds with a list of all information requested and shall further provide such forms or other means necessary so that the Register of Deeds can easily and conveniently obtain the required tax information at such time as any deeds or instruments of conveyance are presented for registration.

3. Information to be obtained on behalf of the Tax Supervisor shall include the following items:

   A. Name of seller or grantor

   B. Name of buyer or grantee

   C. Sales price expressed in terms of cash or money equivalent

   D. Whether the transaction involved a trade of land

The violation of this Ordinance by providing false or misleading information the Register of Deeds in order to have a deed recorded shall be a misdemeanor punishable as by law provided.

This Ordinance shall be effective February 1, 1978.

Clyde S. Brinkley, Chairman
Burke County Board of Commissioners

unty Board of Commissioners

CONFIDENTIAL INFORMATION
FOR TAX OFFICE USE ONLY
(NOT FOR PUBLIC USE)

GRANTOR ______________________________

GRANTEE ______________________________

ADDRESS ______________________________

____

SALE PRICE $ ______________ SALE DATE ______________

☐ TRADE ☐ INHERITANCE ☐ PROPERTY SETTLEMENT ☐

PERSONAL PROPERTY INVOLVED

☐ NO ☐ YES Type ______________

Value $ ______________

PRESENTED FOR RECORDING BY:

D ______________________________

______________ DATE: ______________

G.S. 105-303 *Obtaining information of real property transfers, permanent listing*

"When any conveyance of real property (other than a deed of trust or mortgage) is submitted for recordation, the Board of County Commissioners may require the Register of Deeds to refuse to record it unless it has been presented to the Tax Supervisor and the Tax Supervisor has noted thereon that he has obtained the information he desires from the conveyance and from the person recording it."

____

THE FOLLOWING INFORMATION IS OPTIONAL AND DOES NOT HAVE TO BE COMPLETED IN ORDER TO HAVE DEED RECORDED.)

FINANCING

☐ 1 Conventional
☐ 2 Loan assumption
☐ 3 FHA
☐ 4 VA
☐ 5 Other ______________

MARKET TIME

☐ 1 Less than 3 months
☐ 2 3 to 6 months
☐ 3 Over 6 months

ng c ... included in above sale price? No ☐ Yes ☐
...s included in above sale price? No ☐ Yes ☐
...rs fees included in above sale price? No ☐ Yes ☐

AMENDMENT TO ORDINANCE

CONCERNING DISCLOSURE OF SALES VALUE

he Burke County Board of Commissioners has enacted an Ordinance concerning ales value; and

he Board of Commissioners now finds it desirable to amend such Ordinance:

ORE BE IT ORDAINED:

-dinance concerning disclosure of sales value be amended as follows:

ion 1. and replace with the following new Section 1.

egister of Deeds of Burke County shall refuse to record any deeds or instruments of conveyance (other than a deed of trust or a mortgage) tax information as described herein and other information which the upervisor deems necessary shall have been presented to him or along the deed or other conveyance to the Register of Deeds.

day of December, 1977.

Clyde S. Brinkley, Chairman
Burke County Board of Commissioners

of Commissioners

* *

OFFICE OF THE PITT COUNTY BOARD OF COMMISSIONERS

GREENVILLE, NORTH CAROLINA

JANUARY 11, 1988

RESOLUTION IMPLEMENTING A PERMANENT TAX LISTING OF REAL PROPERTY IN PITT COUNTY

UPON MOTION by Tom Johnson and seconded by Eugene James, the Pitt County Board of Commissioner unanimously voted to adopt the following resolution.

WHEREAS, Pitt County desires to establish a permanent tax listing for real property and to discontinue the inconvenience of annual listing; and

WHEREAS, the proposed listing change will improve the efficiency of tax assessment and

NOW, THEREFORE, BE IT RESOLVED that the Pitt County Board of Commissioners ask approval of the North Carolina Department of Revenue as authorized by G.S. 105-303(b) to establish a permanent tax listing of real property effective March 1, 1988 and further that the Pitt County Register of Deeds be instructed to refuse to record deeds which have not been presented to the Tax Assessor for purposes of obtaining ownership and addresses of those responsible parties for property taxes as authorized by G.S. 105-303(a)(2).

Adopted this the 11th day of January, 1988.

PITT COUNTY BOARD OF COMMISSIONERS

Charles P. Gaskins, Chairman

ATTEST:

John K. Bulow, Clerk

STATUTES REQUIRING FULL DISCLOSURE OF SALES PRICE FOR TRANSFER OF REAL PROPERTY

18

STATES REQUIRING SIMPLE DECLARATION OF VALUE (19 States)

Arkansas, California, Colorado, Connecticut, Florida, Georgia, Iowa, Kansas (No tax required), Maryland, New Hampshire, New Jersey, New York, Rhode Island, Tennessee, Vermont, Virginia, Washington, Wisconsin.

STATES REQUIRING SEPARATE WRITTEN AFFIDAVIT OF VALUE (14 STATES)

Arizona, Delaware, Hawaii, Illinois, Kentucky, Maine, Michigan, Minnesota, Nebraska, Nevada, Ohio, Pennsylvania, South Carolina, West Virginia.

STATES IN WHICH FULL DISCLOSURE OF SALES PRICE NOT REQUIRED (18 STATES)

Alabama, Alaska, Idaho, Indiana, Louisiana, Massachusetts, Mississippi, Missouri, Montana, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Wyoming.

Disclosure Required. Arizona § 42-1612 provides that deeds and contracts relating to the sale of r. . property shall have attached at the time of recording an affidavit of the buyer and seller (or their agents) certifying the followi g info. ation:

1. Name and address of buyer and seller
2. Where tax statement may be sent
3. Legal description of property
4. Address of property
5. Value of the property
6. Conditions of transaction and relationship of parties; value of any non-cash consideration.

Penalty. Failure to attach, or falsification of, affidavit is a misdemeanor.

Administration. County recorder (register of deeds) must refuse any deed or contract if affidavit not attached. Recorder sends copies of affidavit to Department of Revenue and County Assessor.

Record Keeping. Department of .evenue maintains permanent microfilm file of all affidavits; neither assessor or recorder must maintain file.

Exemptions. The affidavit and fee requirements do not apply to:

1. Deeds satisfying contracts for sale of real property.
2. Leases and easements.
3. Transfers where a government agency is a party.
4. Quitclaim deeds to quiet title.
5. Transfers pursuant to court order.
6. Deed to unpatented mining claim.
7. Transfers for security for debt, to confirm or correct earlier deed, between spouses or parent and child with only nominal consideration, for delinquent taxes, on partition, pursuant to corporate merger, between affiliated corporations, or between parties to a trust.

COPY OF FORM ATTACHED

COLORADO

Disclosure Required. Colorado 39-13-101 through 39-13-108 impose a documentary fee on conveyances of real property; the fee is based on consideration, which the person offering the deed for recording must state to the recorder. No further disclosure is required.

Statement of Intent. The statute contains the following statement of intent:

"(1) The General Assembly declares that in enacting laws relating to the general property tax, it has provided that certain property in each county of the state shall be appraised and the actual value thereof determined by the assessor and that one of the several factors to be considered by him in determining the actual value of any property shall be 'comparison with other properties of known or recognized value'.

(2) It further declares that such comparison may be best effected if there is available to the assessor a continuing record of the consideration paid or to be paid by purchasers of real property evidenced, prior to recording, on the document conveying title to such property and recorded in the office of the county clerk and recorder in the several counties of the state in the manner provided by law and that this article is enacted to provide a means of developing such continuing record and making such record available for use primarily by assessors."

Penalty. Intentional disclosure of incorrect amount of consideration is a misdemeanor.

Administration. Disclosure made to recorder, who collects fee and stamps the document "paid". Fee must be paid before document can be recorded. A recorder who records a document on which fee has not been paid is guilty of a misdemeanor.

Record Keeping. Every assessor must, at least once a year, examine all documents recorded in the county and determine the consideration. Assessor must compile and maintain a continuing record of all such considerations to assist in appraising property.

Exemptions. Fee does not apply to:

1. Deed where government entity is a party.
2. Gift; deed of public trustee.
3. Treasurer's or sheriff's deed.
4. Deed confirming or correcting earlier deed.
5. Deed to cemetery lot.
6. Lease; executory contract of less than 3 years.
7. Security; future interest.
8. Deed to quiet title.
9. Mineral or royalty deed.
10. Right of way or easement.

AFFIDAVIT OF PROPERTY VALUE
SEE INSTRUCTIONS ON REVERSE

1. ASSESSOR'S PARCEL NUMBER(S)

(a) ____ - ____ - ____ - ____
BOOK MAP PARCEL SPLIT

[NOT]E If the sale involves multiple parcels how many are included?

(b) ______ *List the primary parcel number in 1(a) above and the other parcel numbers (up to 4) below*

(c) ______ (d) ______

(e) ______ (f) ______

2. SELLER'S NAME & ADDRESS

3. BUYER'S NAME & ADDRESS

Buyer and Seller related? Yes ___ No ___

If yes state relationship ______

4. ADDRESS OF PROPERTY:

5. MAIL TAX BILL TO: ______

6. TYPE OF PROPERTY *(Check One)*

a ☐ Vacant Land
b ☐ Single Fam. Residence
c ☐ Condo/Townhouse
d ☐ 2-4 Plex
e ☐ Apartment Bldg
f ☐ Commercial/Industrial
g ☐ Agriculture
h ☐ Mobile Home
i ☐ Other Specify

7. RESIDENTIAL BUYER'S INTENDED USE *(Answer if you checked b, c, d, or h above)*

☐ To be occupied by owner or "family member"
☐ To be rented to someone other than "family member"

NOTE See reverse for definition of "family member"

8. PARTY COMPLETING AFFIDAVIT *(Name, Address, & Phone)*

9. FOR OFFICIAL USE ONLY *(buyer and seller leave blank)*

(a) County of Recordation ______
(b) Docket & Page Number ______
(c) Date of Recording ______
(d) Fee/Recording Number ______

Assessor/DOR Validation Codes

(e) Assessor ______ (f) DOR ______

10. TYPE OF DEED OR INSTRUMENT:

a ☐ Warranty Deed
b ☐ Special Warranty Deed
c ☐ Joint Tenancy Deed
d ☐ Contract or Agreemen[t]
e ☐ Quit Claim Deed
f ☐ Other ______

11. TOTAL SALE PRICE: $ ______

12. DATE OF SALE. ____ / ____
Month Year

NOTE This is the date of the contract of sale. If you are recording fulfillment of a previously recorded contract, you need not comple[te] affidavit (see A 1 on reverse)

13. CASH DOWNPAYMENT: $ ______

14. METHOD OF FINANCING *(check all that apply)*

a ☐ All Cash
b ☐ Exchange or trade
c ☐ Assumption of existing loan(s)
d ☐ New loan from sell[er]
e ☐ New loan(s) from financial institution
(1) ☐ Conventional (2) ☐ VA (3) ☐ FHA
f ☐ Other Explain ______

15. PERSONAL PROPERTY:
Did the buyer receive any personal property (*see reverse for defin*[ition]) that has a value greater than 5% of the sale price

(a) Yes ____ No ____ If yes, briefly describe ______

Approximate Value (b) $ ______

16. PARTIAL INTERESTS:
Is only a partial interest (e g , 1/3 or 1/2) being transferred?

Yes ____ No ____ If yes explain ______

17. SOLAR ENERGY *(check all that apply)*

a ☐ None
b ☐ Hot Water
c ☐ Heating-Passive
d ☐ Heating-Active

18 LEGAL DESCRIPTION *(attach copy if necessary)*

THE UNDERSIGNED BEING DULY SWORN ON OATH SAYS THAT THE FOREGOING INFORMATION IS A TRUE AND CORRECT STATEMEN[T OF] THE FACTS PERTAINING TO THE TRANSFER OF THE ABOVE DESCRIBED PROPERTY

Signature of Seller/Agent ______	Signature of Buyer/Agent ______
State of Arizona County of ______	State of Arizona County of ______
[Sub]scribed and sworn to before me on this	Subscribed and sworn to before me on this
____ day of ______ 19 __	____ day of ______ 19 __
Notary Public ______	Notary Public ______
Notary Expiration Date ______	Notary Expiration Date ______

DOR 1025A DIST 162 (Rev 8/85)

INSTRUCTIONS FOR COMPLETING AFFIDAVIT OF PROPERTY VALUE

Arizona law (ARS 42-1612) requires all buyers and sellers of real property or their agents to complete and attest to the affidavit. Failure to do so constitutes a class 2 misdemeanor and is punishable by law.

The Department of Revenue and County Assessors use data obtained from the affidavits to develop tables and ... for the uniform valuation of properties based on fair market value. Data supplied for an individual property ... assessment of taxes on that property.

ARS 42-1614 exempts certain transfers listed below from completion of the affidavit and payment of the $2.00 filing fee. ... post the appropriate exemption code (letter and number) on the face of the deed and do not ... the affidavit.

If not exempt, carefully complete all sections (except Section 9) of the affidavit, sign, have notarized, and submit to the recorder.

PROPERTY TRANSFERS EXEMPT FROM AFFIDAVIT AND FILING FEE (ARS 42-1614)

A. 1. A deed which represents the payment in full or forfeiture of a recorded contract for the sale of real property.

2. Leases or easements of real property, regardless of length or term.

3. Sales to or from the government ... a deed, patent or contract for sale or transfer of real property in which an agency or representative of the United States of America, State of Arizona, counties of Arizona, cities or towns of Arizona, or any political subdivision of the State of Arizona is the named grantor, and authorized seller, or purchaser.

4. Quit claim deeds to quiet title as described in ARS 12-1103, subsection B.

5. A conveyance of real property executed pursuant to court order.

6. A deed to an unpatented mining claim.

B. A transfer of title:

1. Solely in order to provide or release security for a debt or obligation.

2. Which confirms or corrects a deed previously recorded.

3. Between husband and wife, or parent and child with only nominal consideration therefor.

4. On sale for delinquent taxes or assessments.

5. On partition.

6. Pursuant to mergers of corporation.

7. By a subsidiary corporation to its parent corporation for no consideration, nominal consideration, or in sole consideration of the cancellation or surrender of the subsidiary's stock.

8. From a person to a trustee or from a trustee to a trust beneficiary with only nominal consideration therefor.

9. To and from an intermediary for the purpose of creating a joint tenancy estate or some other form of ownership.

The instrument describing a transaction exempted by this section shall bear a notation thereof on the face of the instrument at the time of recording, indicating the specific exemption claimed.

DEFINITION OF FAMILY MEMBER

Arizona Statute 42-137 (D) provides that a property be classified as rental residential if the owner intends to ... for more than 3 months during the next 12 consecutive months to someone other than a family member. Family member is defined as:

a. A natural or adopted son or daughter of the taxpayer or a descendant of either.

b. A stepson or stepdaughter of the taxpayer.

c. The father or mother of the taxpayer or an ancestor of either.

d. A stepfather or stepmother of the taxpayer.

e. A son-in-law, daughter-in-law, father-in-law or mother-in-law of the taxpayer.

DEFINITION OF PERSONAL PROPERTY

Personal property is all property other than land and buildings; examples include household furnishings, mobile homes unless subject to an affidavit of affixture (ARS 42-641.01), machinery and equipment, inventory, and ... licenses.

DR-219

FLORIDA DEPARTMENT OF REVENUE

RETURN FOR TRANSFERS OF INTEREST IN FLORIDA REAL PROPERTY

PART I

A. Grantor (Seller): ______________________ ______________________

Individual/Agents Name — Corporate Name (if applicable)

____ ( ) -

Mailing Address — City — State — Zip Code — Phone No.

B. Grantee (Buyer): ______________________ ______________________

Individual/Agents Name — Corporate Name (if applicable)

____ ( ) -

Mailing Address — City — State — Zip Code — Phone No.

C. Description of Property: ______ | ______ | ______________________

Lot No. — Block No. — Name of Subdivision

____

Other Description (if applicable)

D. Date of Sale: ______________________ Type of Document: ______________________

E. Recorded in ______________________ County(s).

PART II

Total Consideration Paid Or To Be Paid $______________

PART III

FOR USE BY TAXPAYER IN DETERMINING CONSIDERATION
NOT REQUIRED FOR FILING * (SEE REVERSE SIDE)

1. Cash Or Down Payment $______________
2. New Or Existing Mortgages $______________
3. Any Other Consideration $______________
4. Total Consideration Paid Or To Be Paid $______________
5. If taxable consideration is $100 or less or if the transaction is exempt, please explain briefly. ______________________

____

____

I hereby certify that this return has been examined by me and to the best of my knowledge and belief is a true and complete return.

____ ______________

Signature of Grantee or Agent — Date

To be completed by the Clerk of the Circuit Court's Office.

File Number ______________ or O.R. Book ______________ Page ______________ or

Clerks Date Stamp ______________ Date Recorded ______________

Disclosure Required. Florida § 201.022 provides that, as condition precedent to recording a deed transferring an interes in real property, the grantee or the grantee's agent must execut and file with the clerk a return stating the actual consideratic paid for the real property.

Administration. The original return is forwarded to th Department of Revenue and a copy is forwarded to the propert appraiser.

Confidentiality. The return is not recorded and does not becom a public record. The return is confidential and cannot b revealed except on court order or order of an administrative bod having quasi-judicial powers in ad valorem tax matters.

COPY OF FORM ATTACHED

ILLINOIS

Disclosure Required. Illinois 120 § 1003 provides that at the time a deed transferring an interest in real property is presented for recording, it must be accompanied by a declaration signed by the buyer and the seller, or their agents, stating the full consideration for the property, the permanent real estate index number of the property, the legal description, the date of the deed, the address of the property, any improvements, information as to whether the transfer is between relatives or is a compulsory transaction, the lot size or acreage, and other information as required by the Department of Revenue which will design the declaration form.

Penalty. Intentional misstatement is a misdemeanor.

Administration. A deed cannot be accepted for recordation unless accompanied by the declaration of value. The recorder does not record the declaration of value but notes the deed number on it and forwards it to the county assessor. The county assessor notes on it the most recent assessed value for the land and, once a month, forwards all the declarations to the Department of Revenue. The assessor is also authorized to retain a copy.

Confidentiality. The declarations of value are public records and shall be made available for inspection, upon request, during regular business hours.

Exemptions. The following transfers are exempt:

1. Transfers where a governmental entity is a party.
2. Security.
3. Deeds that confirm or correct earlier deeds.
4. Deeds where the consideration is less than $200.
5. Tax deeds.
6. Deeds of partition.
7. Deeds pursuant to corporate mergers.
8. Deeds between affiliated corporations.
9. Mortgage foreclosure deeds.

GENERAL INSTRUCTIONS

THIS RETURN MUST BE COMPLETED BY THE GRANTEE OR DESIGNATED AGENT, PURSUANT TO SECTION 201.022, FLORIDA STATUTES, AND ACCOMPANY EACH DOCUMENT TRANSFERRING AN INTEREST IN FLORIDA REAL PROPERTY WHEN PRESENTED TO THE CLERK OF THE CIRCUIT COURT FOR RECORDATION. TAX IS COMPUTED AT THE RATE OF 50¢ PER $100.00 CONSIDERATION ROUNDED UP TO THE NEAREST HUNDRED.

PENALTY AND INTEREST

THERE IS A PENALTY IMPOSED UNDER SECTION 201.17, FLORIDA STATUTES, EQUAL TO 25 PERCENT OF THE TAX NOT PAID. IN ADDITION TO THE PENALTY, INTEREST OF 1 PERCENT PER MONTH SHALL BE CHARGED BASED UPON THE AMOUNT OF TAX DUE FROM THE DATE OF RECORDATION UNTIL THE TAX IS PAID.

FILING REQUIREMENTS

SECTION 201.022, FLORIDA STATUTES, STATES, "CONSIDERATION FOR REALTY; FILING OF RETURN CONDITION PRECEDENT TO RECORDATION. - - AS A CONDITION PRECEDENT TO THE RECORDATION OF ANY DOCUMENT TRANSFERRING AN INTEREST IN REAL PROPERTY, THE GRANTEE OR HIS AGENT SHALL EXECUTE AND FILE A RETURN WITH THE CLERK OF THE CIRCUIT COURT." THE RETURN SHALL STATE THE ACTUAL CONSIDERATION PAID FOR THE INTEREST IN REAL PROPERTY. THE RETURN SHALL NOT BE RECORDED, OR OTHERWISE BECOME A PUBLIC RECORD AND SHALL BE CONFIDENTIAL AS PROVIDED BY SECTION 193.074, AND CHAPTER 119, FLORIDA STATUTES. THE ORIGINAL RETURN SHALL BE FORWARDED TO THE DEPARTMENT AND A COPY SHALL BE FORWARDED TO THE PROPERTY APPRAISER.

CONSIDERATION

CONSIDERATION IS THE PURCHASE PRICE OF THE PROPERTY OR THE TOTAL AMOUNT PAID OR TO BE PAID FOR THE TRANSFER OF ANY INTEREST IN REAL PROPERTY.
CONSIDERATION INCLUDES:

1. CASH
2. NEW MORTGAGES PLACED ON THE PROPERTY TO FINANCE ALL OR PART OF THE PURCHASE.
3. EXISTING MORTGAGES ON THE PROPERTY EITHER ASSUMED OR TAKEN SUBJECT TO.
4. MORTGAGES THAT ARE CANCELLED, SATISFIED OR RENDERED UNENFORCEABLE, SETTLED BY THE SALE OR TRANSFER OR IN LIEU OF FORECLOSURE.
5. VALUE OF STOCK OR PARTNERSHIP INTEREST GIVEN.
6. VALUE OF REAL OR TANGIBLE PROPERTY GIVEN IN EXCHANGE FOR REAL PROPERTY OR LAND SWAP.
7. ANY OTHER CONSIDERATION GIVEN THAT HAS VALUE.

GIFT: A DEED OR TRANSFER OF AN INTEREST IN REAL PROPERTY WITHOUT CONSIDERATION OR FOR A NOMINAL SUM WHERE THE PROPERTY DOES NOT HAVE A MORTGAGE REQUIRES ONLY THE MINIMUM 50¢ TAX.

A DEED OR TRANSFER OF AN INTEREST IN REAL PROPERTY WHERE THE PROPERTY HAS A MORTGAGE IS TAXABLE WHETHER OR NOT THE MORTGAGE IS ASSUMED OR TAKEN SUBJECT TO. THE TAX IS BASED ON THE BALANCE OF THE MORTGAGE AT THE TIME OF THE TRANSFER.

*Information in PART III is not required for filing the return, however, if this information is not completed, you may be requested to furnish the information to verify consideration or exemption to the Department of Revenue at a later date.

Disclosure Required. Iowa § 428.1 provides that at the time a deed transferring an interest in real property is presented for recording, it must be accompanied by a declaration of value signed by the seller or the buyer or one of their agents. The declaration of value shall state the full consideration paid for the real property transferred.

Penalty. Failure to comply with the requirements of the law is a misdemeanor.

Administration. The county recorder does not record the declaration of value, but must enter on it any information required by the Secretary of Revenue for the production of the sales/assessment ratio study. The recorder must transmit a copy of each declaration of value to the Secretary of Revenue.

Record Keeping. The recorder must retain one copy of each declaration of value for 3 years after the year in which the transfer took place.

Exemptions. These requirements do not apply to:

1. A transfer under the power of eminent domain
2. A deed relating to a mortgage.
3. A will, plat, or lease.
4. A deed where a governmental entity is a party and there is not consideration.
5. A deed for a cemetery lot.
6. Security.
7. Deeds that confirm or correct an earlier deed.
8. Deeds between spouses or parent and child where there is no consideration.
9. Tax deeds.
10. Deeds of partition.
11. Deeds pursuant to divorce.
12. Easements.

COPY OF FORM ATTACHED

REAL ESTATE TRANSFER — DECLARATION OF VALUE

Please read the filing instructions on the reverse side BEFORE completing this form. If this transaction is exempt, you may not be required to complete this form.

PART I — TO BE COMPLETED BY BUYER, SELLER OR AGENT
(Please Type or Print Legibly)

SELLER Name ____________________ Social Security No (or Federal I D No) ____________________

Address ____________________ (Number and Street or Rural Route) ____________________ (City, Town or P.O.) ____________________ (State) ____________________ (Zip)

Social Security No (or Federal I D No) ____________________

BUYER Name ____________________

Address ____________________ (Number and Street or Rural Route) ____________________ (City, Town or P.O.) ____________________ (State) ____________________ (Zip)

Address of Property Conveyed ____________________ (Number and Street or Rural Route) ____________________ (City, Town or P.O.) ____________________ (State) ____________________ (Zip)

Legal Description of Property ____________________

If this is a sale of AGRICULTURAL LAND to one of the following persons or entities, please check the appropriate box

☐ Corporation ☐ Trust ☐ Alien ☐ Non-Resident Alien ☐ Limited Partnership

Declaration of Value Statement

1 Total Amount Paid .... $ ____________________
2 Amount Paid for Personal Property (See Instructions) $ ____________________
3 Amount Paid for Real Property Only (1 minus 2) .... $ ____________________
4 Contract Sale Information - Please See Instructions

Down Payment $ ________ Interest Rate ____ % Monthly Payment $ ____________

Length of Contract ________ years Balloon Payment Date (if applicable) ____________

(Amortization Term)

SALES CONDITIONS

Check (✓) ALL of the following conditions that apply to this sale

☐ Sale Between Family Members (See Instructions)
☐ Sale to/by Public Utility
☐ Court Ordered Sale
☐ Fulfillment of Prior Year Contract
☐ Transfer of Partial Interest
☐ Exchange for Other Property ("Trade")
☐ Assignment of Contract (Explain Below)
☐ Sale to/by Exempt Organization
☐ Quit Claim Deed
☐ Sale to/by Government
☐ Sheriff or Tax Sale
☐ Corporate Merger or Reorganization
☐ Auction Sale
☐ Condominium Sale
☐ Purchase of Adjoining Land
☐ Land to be Operated as a Unit
☐ Forced Sale (Explain Below)
☐ Mobile Home
☐ Improvements Made or Buildings Removed After January 1 of the Year of the Sale but Prior to the Actual Date of Sale or Transfer

DESCRIBE ANY OTHER UNUSUAL OR SPECIAL FACTS OR CIRCUMSTANCES RELATING TO THIS SALE

____

NOTICE If property upon which a homestead credit or military exemption has been claimed is sold, the person selling or transferring such property must give written notice to the assessor

I HEREBY DECLARE THAT THE INFORMATION CONTAINED IN PART 1 OF THIS FORM IS TRUE AND CORRECT.

Signature ____________________ (Buyer OR Seller OR Agent) Telephone Number ( )

PART II — TO BE COMPLETED BY RECORDER

Book for instrument ______ Page for instrument ______

Date of Instrument ____________________ City or Township ____________________

Date of Recording ____________________ County ____________________

Deed ☐

Contract ☐ ____________ Real Estate Transfer Tax Paid

PART III — TO BE COMPLETED BY ASSESSOR

Classification of Property (1) ☐ Urban (2) ☐ Rural

AGRICULTURAL REALTY
(1) ☐ Improved Farm ☐ Dwelling
(2) ☐ Unimproved Farm

COMMERCIAL
(1) ☐ Business (4) ☐ Other ____
(2) ☐ Office (5) ☐ Vacant Bldg
(3) ☐ Apartment (6) ☐ Vacant Lot

INDUSTRIAL
(1) ☐ Lot & Bldgs
(2) ☐ Vacant Bldgs
(3) ☐ Vacant Lot

RESIDENTIAL
(1) ☐ Single-Family Dwlg
(2) ☐ Two-Family Dwlg
(3) ☐ Impr. Vacant Lot
(4) ☐ Unimpr. Vacant Lot
(5) ☐ Vacant Dwlg
Story Ht ______
Age of Dwlg ______

SALES CONDITIONS

☐ Lot Assessed as Unplatted Land
☐ Partial Assessment
☐ Fulfillment of prior year contract
☐ Sale of Portion of Property ("Split")
☐ Assignment of Contract
☐ Other (Explain Below)
☐ Change in Use (Explain Below)

(For Dept. of Revenue and Finance Use Only)

NOTE: ASSESSED VALUE SHOWN MUST REFLECT JANUARY 1 OF THE YEAR IN WHICH THE SALE OCCURRED.

Assessment Data: LAND $ ______ BLDGS $ ______ TOTAL $ ______ SALES RATIO ______

Assessor Comments ____________________

DEPARTMENT OF REVENUE & FINANCE

MAINE

Disclosure Required. Maine 36 § 4641-D provides that when a deed is offered for recording, it must be accompanied by a statement or declaration, in duplicate, signed by the parties to the transaction or their agents, declaring the consideration for the property transferred and indicating the taxpayer identification numbers of the grantor and grantee.

Penalty. False declaration is punishable as perjury.

Administration. A register of deeds who intentionally records a deed without obtaining the declaration of value is subject to a civil penalty of up to $200. The register of deeds must transmit both copies of the declaration of value to the State Tax Assessor who then transmits one copy to the local assessor.

Exemptions. Declaration of value is not required for the following:

1. Governmental conveyances.
2. Mortgage, mortgage discharge, or partial release of a mortgage.
3. Deed affecting previous deed.

COPY OF FORM ATTACHED

FILING INSTRUCTIONS

Iowa law requires that a "Declaration of Value" statement reflecting the full consideration paid in certain non-exempt real estate conveyances be submitted to the county recorder at the time a deed, contract, instrument, or other writing is presented for recording. Part I of this form is the prescribed "Declaration of Value" statement that must be completed by the buyer or seller or either's agent for nonexempt transactions. PARTS II AND III OF THIS FORM ARE TO BE COMPLETED ONLY BY THE RECORDER AND ASSESSOR.

IMPORTANT

THIS FORM DOES NOT HAVE TO BE COMPLETED FOR ANY DOCUMENT PRESENTED FOR RECORDING WHICH CLEARLY INDICATES ON SUCH DOCUMENT THAT IT IS AN EXEMPT TRANSACTION. THE EXEMPTIONS ARE LISTED BELOW. IF THE TRANSACTION IS EXEMPT BUT THE REASON FOR EXEMPTION IS NOT STATED ON THE ACTUAL DOCUMENT PRESENTED FOR RECORDING PART I OF THIS FORM MUST BE COMPLETED.

Exemptions

1. Any deed given in fulfillment of a recorded real estate contract provided the deed has a notation that it is given in fulfillment of a contract.
2. Any instrument of mortgage, mortgage assignment, mortgage extension, mortgage release, or mortgage satisfaction.
3. Any will.
4. Any plat.
5. Any lease.
6. Any deed, instrument, or writing in which the United States or any agency or instrumentality thereof or the State of Iowa or any agency, instrumentality, or governmental or political subdivision thereof is the grantor, assignor, transferor, or conveyor, and any deed, instrument or writing in which any of such unit of government is the grantee or assignee where there is no consideration.
7. Deeds for cemetery lots.
8. Deeds which secure a debt or other obligation, except those included in the sale of real property.
9. Deeds for the release of a security interest in property excepting those pertaining to the sale of real estate.
10. Deeds which, without additional consideration, confirm, correct, modify, or supplement a deed previously recorded.
11. Deeds between husband and wife, or parent and child, without actual consideration, or where the only consideration is cancellation of indebtedness existing between these family members. However, for this exemption to apply, the debt being cancelled cannot be greater than the fair market value of the property being conveyed.
12. Tax deeds.
13. Deeds of partition where the interest conveyed is without consideration.
14. Acquisition of lands by deed or contract for public purposes through an exercise of the power of eminent domain.
15. Conveyances of real property or interest in such property between former spouses mandated by a dissolution of marriage decree.
16. All easement conveyances.
17. Conveyances of real property to lienholders in lieu of forfeiture or foreclosure actions.

INSTRUCTIONS FOR COMPLETING PART I

Name/Address: Enter the complete name and address and social security number of both the buyer and seller. [illegible] multiple ownership, one number is sufficient. Corporations [illegible] federal I.D. number.

Address of Property Conveyed: Enter the complete address of the property being transferred.

Legal Description: Enter the legal description of the property being transferred.

Agricultural Land Sales: If agricultural land is being sold to a (1) corporation, (2) trust, (3) alien, (4) non-resident alien, or (5) limited partnership, you are required by law to identify the type of buyer by checking "✓" the appropriate box. The [illegible] definitions are presented to help you determine if this type of sale of agricultural land is to be identified here.

Agricultural Land - Land suitable for use in farming.

Corporation - Any domestic or foreign corporation including non-profit corporations and cooperatives (Chapter 172C).

Trust - Any fiduciary relationship with respect to property subjecting the person by whom the property is held to equitable duties to deal with the property for the benefit of another person, which arises as a result of manifestation of an intention to create it (Chapter 172C).

Alien - Any person born out of the United States and unnaturalized under the Constitution and statutes of the United States.

Non-resident Alien - Any person born out of the United States and unnaturalized under the Constitution and statutes of the United States and who is not a resident of the State of Iowa.

Limited Partnership - Any partnership, formed by two or more persons under the provisions of Chapter 545, Code of Iowa, having as members one or more general partners and one or more limited partners.

Line 1 - Total Amount Paid--Enter the entire and full purchase price of the property transferred, including down payment.

Line 2 - Amount Paid for Personal Property--Enter the amount of the purchase price that was paid for personal property. For residential sales, personal property includes items which are not attached ("built-in") to the home which are normally removed by the owner when he or she vacates. This includes, but is not limited to items such as washers, dryers, drapes, stoves, refrigerators and portable dishwashers. For [illegible] sales, personal property is to include [illegible] and equipment. Personal property for [illegible] industrial property includes [illegible] as well as equipment and fixtures classified and assessed as personal property.

Line 3 - Amount Paid for Real Property--Subtract line 2 from line 1 and enter the difference here.

Line 4 - Contract Sale Information--If the transaction is a seller financed real estate contract, enter all the requested information [illegible] down payment, interest rate, monthly payment [illegible] other than monthly payments, please enter [illegible] monthly amount), length of contract, and if [illegible] a balloon payment date. Also, if there are any unusual or special facts relating to the contract, please describe in the space provided below the portion of the form designated SALES CONDITIONS.

SALES CONDITIONS

Indicate by checking "✓" the appropriate box or boxes the designated conditions that apply to the sale. Also, describe any unusual facts or circumstances that relate to the sale that may affect the sale price or terms of the sales agreement. **IMPORTANT:** For purposes of indicating a "Sale Between Family Members" only the following relationships are to be considered.

Mother	Stepsister	Granddaughter
Father	Stepbrother	Grandson
Daughter	Mother-in-law	Fosterparent
Son	Father-in-law	Fosterchild
Sister	Daughter-in-law	Aunt
Brother	Son-in-law	Uncle
Stepmother	Sister-in-law	Niece
Stepfather	Brother-in-law	Nephew
Stepdaughter	Grandmother	Fosterbrother
Stepson	Grandfather	Fostersister

The declaration of value statement must be signed by the buyer or the seller or either's agent. One signature is sufficient. The telephone number of the person signing this form is also to be provided.

Penalty. It is unlawful to willfully [illegible] information on this document and [illegible] false information shall be guilty of a [illegible] misdemeanor.

CAUTION

IF THE PORTION OF THIS [illegible]
NOT COMPLETED ACCURATELY [illegible]
EXEMPT TRANSACTIONS [illegible]
EITHER'S AGENT, THE [illegible]
BY LAW TO REFUSE TO [illegible]
OTHER INSTRUMENT CONVEYING [illegible]

BUREAU OF TAXATION

Property Tax Division
State House Station #24
Augusta, Maine 04333

FILE WITH COUNTY REGISTRY OF DEEDS

STATE OF MAINE

PLACE STAMP ABOVE

REAL ESTATE TRANSFER TAX DECLARATION

TITLE 36, M.R.S.A., SECTIONS 4641 through 4641

1. MUNICIPALITY OR TOWNSHIP	COUNTY	BOOK	PAGE

GRANTEE (BUYER)

2. IDENTITY NAME(S) (LAST, FIRST, INITIAL) AND SOCIAL SECURITY NUMBER(S) OR CORPORATE NAME(S) AND FEDERAL IDENTIFICATION NUMBER(S)

3. NUMBER AND STREET	CITY OR TOWN	STATE AND ZIP CODE

GRANTOR (SELLER)

4. IDENTITY NAME(S) (LAST, FIRST, INITIAL) AND SOCIAL SECURITY NUMBER(S) OR CORPORATE NAME(S) AND FEDERAL IDENTIFICATION NUMBERS

5. NUMBER AND STREET	CITY OR TOWN	STATE AND ZIP CODE

PROPERTY

6. BRIEF DESCRIPTION (Such as Map and Lot numbers, Located at 17 Elm Street, Augusta, or 10 Acres, farmhouse and barn known as Smith Farm, Mill Road, Houlton)

On date of transfer, this property was classified under Title 36 MRSA Chapter 105 as (check only one).

☐ Tree Growth ☐ Farmland
☐ Open Space ☐ Not Applicable

7. DATE OF TRANSFER (Use numerals) MO DAY YR

CONSIDERATION

8. Consideration meaning total amount of price paid, or required to be paid, for real property valued in money, whether received in money or otherwise and shall include the amount of any mortgage, liens or encumbrances thereon. (Tax will be collected at the registry when the deed is recorded. The tax rate is $2.20 per $500 of consideration, or fractional part thereof. The tax incidence is equally divided between the buyer and seller.)
If exempt, complete line 9

$ .00

EXEMPTION

9. EXPLAIN BASIS FOR EXEMPTION (Complete only if transfer is claimed to be exempt)

SPECIAL CIRCUMSTANCES

10. Were there special circumstances in the transfer which suggest that the sale price of the property was either more or less than its fair market value (Such as the fact that transfer was a forced sale, interfamily sale, intercorporate sale, gift, exchange, etc.)

☐ YES
☐ NO

OATH

11. Aware of penalties as set forth by Title 36 Section 4641-K, we hereby swear or affirm that we have each examined this return and to the best of our knowledge and belief, it is true, correct, and complete

GRANTEE or AUTHORIZED AGENT	DATE	GRANTOR/S or AUTHORIZED AGENT	DATE

PREPARER

12. Name and address of person or firm preparing this form

WEST VIRGINIA

Disclosure Required. West Virginia § 11-22-6 provides that when a deed transferring real estate is offered for recording, there must be attached to it a declaration signed by the grantor, grantee, or other responsible party declaring the consideration paid or the value of the property. In addition, the clerk may not record a deed unless it is accompanied by a completed and verified sales listing form for the benefit and use of the state tax commissioner. The form shall require the following information: (1) the deed book and page of the last deed in the chain of title, or the source of the grantor's title; (2) the tax map and parcel number of the property; (3) the address of the property; and (4) the consideration or value in money.

Penalty. Knowingly making a false statement in a declaration of value is a misdemeanor.

Administration. The clerk shall, on a monthly basis, deliver the sales listing forms to the state tax commissioner. A clerk who records a deed without the accompanying declaration is subject to a $50 fine.

Exemptions. These requirements do not apply to:

1. Wills.
2. Property valued at $100 or less.
3. Trusts.
4. Deeds of partition.
5. Deeds pursuant to corporate merger or between affiliated corporations.
6. Leases.
7. Transfers between spouses and parents and children without consideration.
8. Quitclaim and corrective deeds without consideration.
9. Transfers where a governmental entity is a party.
10. Security.

COPY OF FORM ATTACHED

WISCONSIN

Disclosure Required. Wisconsin § 77.22 provides that at the time an instrument conveying real property is submitted for recording, the grantee or the grantee's agent must execute a return, signed by both grantor and grantee, providing the value of the interest conveyed and other information as required by the Secretary of Revenue.

Penalty. A civil penalty of $25 or 25% of the additional fee due may be assessed where the value of the property was understated by 25% or more. A person who intentionally falsifies the value of the property may be fined up to $1000 or imprisoned up to one year.

Administration. The register of deeds may not record the instrument unless a complete return has been submitted. The register of deeds shall submit the returns to the Department of Revenue on a monthly basis; the Department shall distribute copies of the forms to local assessors.

Confidentiality. The returns shall be deemed privileged information, for use in proceedings concerning the amount of the stamp tax, or for the use of the Department of Revenue and local tax officials. The local assessor shall permit the inspection of the returns by a local government official upon adoption of a resolution by the governing body directing the official to inspect the returns to review the basis upon which equalized values were established by the Department of Revenue; the official shall maintain the confidentiality of the returns.

Exemptions. The following transfers are exempt from these requirements:

1. Deeds involving a governmental entity.
2. Tax deeds.
3. Transfers by will, descent, or survivorship.

COPY OF FORM ATTACHED

WVa

"DECLARATION OF CONSIDERATION OR VALUE

I hereby declare:

(a) The total consideration paid for the property conveyed by the document to which this declaration is appended is $. . . . . ; or

(b) The true and actual value of the property transferred by the document to which this declaration is appended is, to the best of my knowledge and belief $. . . . . ; or

(c) The proportion of all the property included in the document to which this declaration is appended which is real property located in West Virginia is . . . . %; the value of all the property $. . . . . ; the value of real estate in West Virginia is $. . . . . ; or

(d) This deed conveys real estate located in more than one county in West Virginia; the total consideration paid for, or actual cash value of, all the real estate located in West Virginia conveyed by this document is $. . . . . ; and documentary stamps showing payment of all the excise tax on all of said real estate are attached to an executed counterpart of this deed recorded in . . . . County.

Given under my hand this . . . . day of . . . ., 19. . . .

Signed . . . .
(Indicate whether grantor, grantee, or other interest in conveyance).

. . . .
Address"

WISCONSIN REAL ESTATE TRANSFER RETURN — CONFIDENTIAL (Effective 1987) | Wisconsin Department of Revenue

I. GRANTOR:

1. Name ____________________
2. Full Address - New address if property transferred was residence
3. Grantor is ☐ Individual ☐ Partnership ☐ Corporation ☐ Other

II. GRANTEE:

4. Name ____________________
5. Full Address
6. Is grantor related to grantee? ☐ Yes ☐ No
   If yes, explain how related ____________________
7. Name and address to which tax bills should be sent if different than grantee's address

III. ENERGY 8. Is this property subject to the Rental Weatherization Standards, ILHR67?
☐ Yes ☐ No Exclusion code ____ RW 11 expir ____

IV. PROPERTY TRANSFERRED

9. ☐ City ☐ Village ☐ Town ____________________
   County ____________________
10. Street address ____________________
11. Tax parcel number ____________________
12. Lot no.(s) ____________ Blk. no.(s) ____________
    Plat name ____________________
13. Section ________ Township ________ Range ________
14. Legal Description - metes and bounds (attach 4 copies if necessary)

V. PHYSICAL DESCRIPTION AND PRIMARY USE

15. Kind of property
    ☐ Land only
    ☐ Land and buildings
    ☐ Other (explain) ____________
16. Primary use
    a. ☐ Residential
       ☐ Single family/condominium
       ☐ Multi-family - # units ____
       ☐ Time share unit
    b. ☐ Commercial ____________ business use
    c. ☐ Manufacturing
    d. ☐ Agricultural
       Adjoining land? ☐ Yes ☐ No
    e. ☐ Other (explain) ____________
17. Estimated land area and type
    a. Lot size ______ × ______
    b. Total acres ______
    c. MFL/FC/WTL acres ______
    d. Ft. of water frontage ______

VI. TRANSFER

18. Type of transfer: ☐ Sale ☐ Gift ☐ Exchange ☐ Other (explain) ____________
19. Ownership interest transferred ☐ Full ☐ Other (explain) ____________
20. Does the grantor retain any of the following rights? ☐ Life estate ☐ Easement
21. ☐ Deed in satisfaction of original land contract? Dated? ____________
22. Points (prepaid interest) paid by seller $ ____________
23. Value of personal property transferred but excluded from (25) $ ____________
24. Value of property exempt from local property tax included on (25) $ ____________

VII. COMPUTATION OF FEE OR STATEMENT OF EXEMPTION

25. Total value of REAL ESTATE transferred $ ____________
26. Transfer fee due (line 25 times .003) $ ____________
27. TRANSFER EXEMPTION NUMBER, sec. 77.25 ____________
28. Grantee's financing obtained from
    a. ☐ Seller
    b. ☐ Assumed existing financing
    c. ☐ Financial institution / Other 3rd party
    d. ☐ No financing involved

If box a or b is checked, complete Part VIII - Financing Terms

VIII. FINANCING TERMS (FOR SELLER/ASSUMED FINANCED TRANSACTIONS ONLY)

29. Total down payment $ ____________

	30. Amount of mortgage/land contract at purchase	31. Interest rate (stated)	32. Principal and interest paid per payment	33. Frequency of pymts	34. Length of contract	35. Date of any lump sum (balloon) payments	36. Amount of lump sum (balloon) payments
a.	$		$			__/__/__	$
b.	$		$			__/__/__	$
c.	$		$			__/__/__	$

37. If the dollar amount paid per payment (32) is scheduled to change (not as a result of a change in the interest rate), fill in the line letter from above ______.
    Enter the date of change __/__/__ and the amount it will change to $ ____________.

IX. CERTIFICATION We declare under penalty of law that this return has been examined by us and to the best of our knowledge and belief it is true, correct and complete.

SIGN HERE			
Grantor or agent:	Grantor's social security number or FEIN	Date	Grantor's telephone number ( ) -
Grantee or agent:	Grantee's social security number or FEIN	Date	Grantee's telephone number ( ) -

Print name and address of grantor's agent | Agent's telephone number ( ) -

SAVE AREA BLANK

Document number	Vol	Page	Date recorded	Date and kind of conveyance	Conv. code 1 2 3 4

Parcel number | Assmt. year 19 ____ L ____ I ____ T ____ | County __ __ Tax dist. __ __ __ Assmt. dist. __ __ | ☐ Field ☐ Use __ __ ☐ Reject __ __ | Sales number

Parcel classification A B C D E F

PE-500 (R. 2-87)

DISTRICT SUPERVISOR'S COPY

Penalties will be assessed for improperly claimed exemptions and understatement of values. See Sections 77.26(8) and 77.27 of the Wisconsin Statutes.

EXCLUSIONS - PART III - ENERGY

Codes Energy – Exclusion From DILHR's Rental Weatherization Program

W-1 Building will be occupied by purchaser for at least one year immediately after transfer (1-4 residential units).

W-2 Property was transferred prior to 1/1/85 by land contract.

W-3 This is an exempt transfer per section 77.25 (not including 77.25(2)). (Exemptions from fee are listed below.)

W-4 Rental Unit(s) will not be rented between November 1 and March 31 of each year.

W-5 Building has 1-2 rental units, constructed under the requirements of ILHR Ch. 22 (effective 12/1/78), and is less than 10 years old.

W-6 Building has more than two rental units, constructed under the requirements of ILHR Ch. 63 (formerly ILHR 51.02(16) and (17) effective 4/15/76), and is less than 10 years old.

W-7 Vacant land, non-residential property or mobile home.

W-8 Building is a Department of Health and Social Services regulated Hospital, Nursing Home, or Hotel/Motel/Tourist Rooming House.

W-9 Partnership, stock or other conveyance/assignment that does not create or change a controlling interest.

W-10 Transfer to broker solely to facilitate sale, or to trustee in court declared bankruptcy.

W-11 Other, including court judgment, other probate besides 77.25(11), no consideration no rent, condo conversion, etc. (attach written explanation for use by DILHR).

EXEMPTIONS FROM FEE - PART VII, LINE 27

SECTION 77.25 - EXEMPTIONS FROM FEE. The fees imposed by this subchapter do not apply to a conveyance.

**(1) Prior to the effective date of this subchapter (October 1, 1969).

(2) To (and from*) the United States or to this state or to any instrumentality, agency, or subdivision of either.

(3) Which, executed for nominal, inadequate, or no consideration, confirms, corrects or reforms a conveyance previously recorded.

**(4) On sale for delinquent taxes or assessments.

(5) On partition.

(6) Pursuant to mergers of corporations.

(7) By a subsidiary corporation to its parent for no consideration, nominal consideration or in sole consideration of the cancellation, surrender or transfer of capital stock between parent and subsidiary corporation.

(8) Between husband and wife, parent and child, stepparent and stepchild, parent and son-in-law or parent and daughter-in-law for nominal or no consideration. (Value on Part VII, line (25) must be stated.)

(9) Between agent and principal or from a trustee to a beneficiary without actual consideration.

(10) Solely in order to provide or release security for a debt or obligation except as required by s.77.22(2)(b).

**(11) By will, descent or survivorship.

(12) Pursuant to or in lieu of condemnation.

(13) Of real estate having a value of $100 or less.

(14) Under a foreclosure or a deed in lieu of a foreclosure to a person holding a mortgage or to a seller under a land contract.

(15) Between a corporation or partnership and its shareholders or partners if all of the stock is owned by, or all the partners are, spouses or lineal ascendants or descendants of each other, if the transfer is for no consideration except stock of the corporation or an interest in the partnership and if, in the case of transfers from corporations, the corporation owned the property for at least 3 years.

(16) To a trust if a transfer from the grantor to the beneficiary of the trust would be exempt under this section.

* Per Wis. Adm. Code section Tax 15.05(2)

** Exemption numbers 1, 2, 4 and 11 are also exempt from a return.

INSTRUCTIONS FOR WISCONSIN REAL ESTATE TRANSFER RETURN (PE-500)

mplete return is required for all conveyances of ownership interest in real estate except easements, leases and conveyances exempt from per Section 77.25(1), (2), (4), and (11) of the Wisconsin Statutes (see PART VII). Upon completion, submit all parts of this form intac (except instruction sheet) to the Register of Deeds Office with the instrument of conveyance (deed). If a transfer fee is due per PART VII, make check payable to REGISTER OF DEEDS.

Numbers in parenthesis refer to line numbers on the return.

PART I - GRANTOR Person conveying an interest in the property (seller, if property is transferred by a sale). Name (1) and Address (2 must be completed. (3) Check appropriate box describing grantor.

PART II GRANTEE: Person receiving an interest in the property (buyer, if property is transferred by a sale). Name (4) and Address (5) must be completed. This address will be used for the mailing of the property assessment notice. Any change to the grantee's address should be reported to the proper local assessor to insure timely receipt of notice.

(6) If YES is checked, explain relationship (such as husband-wife, parent-children, lessor-lessee, parent-subsidiary corporation), listing grantor first. If more than one grantor-grantee, explain for each.

(7) Enter name and address to which tax bill should be sent if different than grantee's address.

PART III - ENERGY: One box must be checked. If YES, attach appropriate DILHR Transfer Authorization form (Cert. of Compliance, Stipulation or Waiver). For more information, see Chapter ILHR67, Wis. Adm. Code (s.67.03 and 67.04). If NO, enter the appropriate exclusion code found on the back of the transfer form. Exclusion code W-11 Other, requires an explanation. Attach the explanation, if necessary.

PART IV - PROPERTY TRANSFERRED:

(9) Check whether it is a city, village or town and enter the name of the municipality and the county in which the property transferred is located.

(10) Enter street address of the property transferred. If rural property, give the fire number.

(11) Enter the property tax parcel number. The number can most readily be obtained from the property tax bill at the time taxes are prorated during the closing. This number is also the same as shown on the deed.

Enter lot number(s), block number(s) and plat name; if a certified survey map (CSM) enter its volume and page number under (14).

(13) Enter section, township, range in which property is located.

(14) The legal description is the legally accepted statement which identifies the location and boundaries of this property and can be found on the instrument of conveyance (deed, etc.). Enter the full legal description or ATTACH FOUR COPIES of the legal description as it appears on the instrument of conveyance TO THE FRONT OF THIS FORM.

PART V - PHYSICAL DESCRIPTION AND PRIMARY USE:

15) Check box that best describes property (one must be checked). If Other is checked, explain (e.g., timber rights, mineral rights, air rights, easement, building only).

16) Check the box which best describes primary use (one must be checked).
If (a) Residential, check one of three subcategories and if Multi-Family, enter number of units.
If (b) Commercial - describe the type of business use (Example: tavern, office, gas station)
If (d) Agricultural - is this property within 3 miles of the property currently owned by grantee? One box must be checked.
If (e) Other - describe intended use (Example: recreational, forestry)

17) (a) Enter lot size. If unknown enter estimated size.
(b) Enter total acres. If unknown enter estimated acres.
(c) Enter number of acres under Managed Forest Lands (MFL), Forest Crop (FC) or Woodland Tax Law (WTL). If exact acres unknown, estimate. If none, leave blank.
(d) Enter number of feet of water frontage. If exact footage unknown, estimate. If none, leave blank.
NOTE: Owners of managed forest lands and forest crop are required by law to notify the Department of Natural Resources of transfer of ownership.

ART VI - TRANSFER:

8) One box must be checked indicating type of conveyance. If "Other" is checked, explain kind of transfer (e.g., per divorce decree).

9) One box must be checked. If "Other" is checked, explain interest transferred (e.g., 1/2 interest, partial satisfaction of land contract).

Check appropriate box if any of these rights are retained.

Check box if deed is a satisfaction of a land contract and enter date of original land contract.

2) Enter amount of points (prepaid interest) paid for by seller on behalf of buyer. This figure may be obtained from the closing statement. If none, leave blank.

(23) Enter Value of Personal Property Transferred, such as household/office furniture, farm machinery, and boats, but DO NOT include this value on (25).

(24) Enter value of property exempted from local property tax. For example, local property tax exempt items would include active solar or wind energy systems, waste treatment and manufacturing machinery and equipment. This type of property is not exempt from a transfer fee considered real property. This value should be included in the value on line (25).

PART VII - COMPUTATION OF FEE OR STATEMENT OF EXEMPTION:

(25) Enter total consideration paid or to be paid (sale price if sale) for the real estate including any liens (mortgages) thereon. In case of a gift, nominal consideration or exchange enter the estimated current fair market value. If property was not appraised, the estimated fair market value may be obtained from the latest assessment notice. Do not include personal property as listed on (23), but do include local exempt property shown on (24).

Real estate value is to be rounded up to the next even hundred dollars (e.g., sale price is $11,520; the value shown on (25) would be $11,600).

Value must be shown on (25) if: a) a fee is due, b) conveyance is by original land contract and the fee is deferred, or c) exempt from a fee per s.77.25(8), Wisconsin Statutes.

(26) Enter the amount of fee due unless one of the exemptions (27) applies.
The fee is based upon a rate of 30¢ per $100.00 of value (or .003 per $1.00 of value); e.g., (25) sale price is $10,000 x .003 = $30.00.

Fees for deeds in satisfaction of original land contracts (21) dated:		
	Prior to Dec. 17, 1971	No Fee
	Dec. 17, 1971 - Aug. 31, 1981	10¢ per $100
	Sept. 1, 1981 - Present	30¢ per $100

(27) Enter transfer Exemption Number (1-16) if this transfer is exempt from the fee. Exemptions are listed on the back of the transfer return. If this is an original land contract (fee is deferred until the land contract is satisfied), enter "Orig L.C." on this line and enter amount of land contract on (25).

(28) Check box a, b or c that describes source of financing. If grantee's financing is obtained from (a) the seller as a land contract, mortgage or note or (b) grantee assumes an existing land contract, mortgage or note on the property, complete PART VIII - Financing Terms. If financing is obtained from a Financial Institution or from a 3rd party lender (individual other than seller), check box (c) and go to PART IX - CERTIFICATION. If no financing is involved, check box (d) and go to PART IX - CERTIFICATION. One box, for line (28), must be checked.

PART VIII - FINANCING TERMS (FOR SELLER/ASSUMED FINANCED TRANSACTIONS ONLY):

Enter the dollar amount of the total down payment. Down payment includes cash and any other real estate or personal property (fair market value) used for this purpose.

Lines (30 - 36) provide space for three different lenders. If more than one mortgage/land contract is used for this transfer, please use a separate line for each.

(30) Enter total amount of mortgage/land contract being financed.

(31) Enter stated interest rate. (Example: 12 3/4% should be entered as 12.750)

(32) Enter amount of principal and interest paid per payment. Do not include amount escrowed for taxes and insurance.

(33) Enter frequency of principal and interest payments. Use the following abbreviations: biwk = biweekly (every 2 weeks); mo = monthly (every month); qtr = quarterly (4 times a year); semi ann = semi-annual (2 times a year); ann = annual (once a year). If other payment periods are used then enter appropriate payment period.

(34) Enter length of the mortgage/land contract in years. If fraction of a year enter as decimal. (Example: 10 yrs, 9 mos = 10.75)

(35) Enter date when any lump sum (balloon) payment is due. If none, leave blank.

(36) Enter amount of any lump sum (balloon) payment due on date entered on (35). If none, leave blank.

(37) Enter line letter(s) (a, b, or c) if the payment amount is scheduled to change, indicate date and amount of change, and the amount it will change to.

PART IX - CERTIFICATION: Any transfer must be reported regardless of the grantor's state of residence. Information on this return will be used to administer Wisconsin's laws of income tax, real estate transfers, rental unit energy efficiency, and general property tax. This information may also be provided to the Federal Government for use in the administration of federal income tax laws.

This return must have both signatures. If agent is signing for grantor, then agent's name, address and phone number must be completed (print or type). ENTRY OF SOCIAL SECURITY NUMBER ON THIS FORM IS MANDATORY. If corporation or partnership, enter federal employer's identification number (FEIN). This form is incomplete if the social security or FEIN numbers are not provided. This information is needed to ensure that the return is placed in the correct income tax file. Telephone numbers are requested in the event some uncertainty exists [illegible] usability of the sale by the local assessor or Department of Revenue. Such matter can often be resolved over the telephone.

Disclosure Required. Wyoming § 34-1 142 provides that when a deed, contract, or other document transferring title to real property is presented for recording, it must be accompanied by a statement under oath by the grantee or the grantee's agent disclosing the names of the grantor and grantee, the date of transfer, the date of sale, the legal description of the property, the actual full consideration, the terms of sale, and an estimate of the value of any personal property included in the sale.

Penalty. It is a misdemeanor for a person to willfully falsify any information on the statement of consideration.

Administration. The county clerk may not accept a deed for recording until the statement of consideration is received. The county clerk must place the recording data on the statement of consideration and deliver it to the county assessor. The county assessor must furnish information from the statements of consideration to the state board of equalization upon request.

Confidentiality. A statement of consideration is not a public record and must be held confidential by the county clerk, county assessor, and state board of equalization. Public disclosure of a statement is a misdemeanor. The statements may be used by the county assessors and the state board of equalization only as data in a collection of statistics to be used collectively in determining sales-price ratios by county. An individual statement may not, by itself, be used by the county assessor to adjust the assessed value of any individual property.

Exemptions. These requirements do not apply to:

1. A deed confirming or correcting an earlier deed, without additional consideration.
2. A transfer pursuant to corporate merger or between affiliated corporations.
3. Gifts.
4. Transfers between spouses or parent and child with only nominal consideration.
5. Tax deeds or transfers pursuant to foreclosure.

COPY OF FORM ATTACHED

STATEMENT OF CONSIDERATION
CONFIDENTIAL

FOR USE BY COUNTY CLERK ONLY

County
State of Wyoming

Instrument No
Recorded Book ____ Page ____
Date ____ Time ____
Type of Instrument ____

PURSUANT TO W S 34 1 142 THROUGH 34 1-144 NO INSTRUMENT EVIDENCING TRANSFER OF REAL PROPERTY MAY BE ACCEPTED FOR RECORDING BY THE COUNTY CLERK UNLESS ACCOMPANIED BY A SWORN STATEMENT OF CONSIDERATION

PART A

1. Full Name of Grantor (Seller)

2. Full Name of Grantee (Buyer)

3. Date of Transfer

4. Date of Sale

5. Legal Description of property transferred
(Attach if too lengthy to copy)

PART B This sale is exempt from disclosing sales information because it is

☐ 1 An instrument which confirms, corrects, modifies or supplements a previously recorded instrument without added consideration

☐ 2 A transfer pursuant to mergers, consolidations or reorganizations of business entities

☐ 3 A transfer by a subsidiary corporation to its parent corporation without actual consideration or in sole consideration of the cancellation or surrender of a subsidiary stock

☐ 4 A transfer which constitutes a gift of more than one-half (½) of the actual value

☐ 5 A transfer between husband and wife or parent and child with only nominal consideration therefor

☐ 6 An instrument the effect of which is to transfer the property to the same party

☐ 7 A sale for delinquent taxes or assessments or a sale or a transfer pursuant to a foreclosure

PART C

1 Terms of Sale
☐ Cash ☐ FHA ☐ VA ☐ Conv ☐ Contract ☐ Other ____

Down Payment	Interest Rate	Term of Loan
$ ____	____	____ years

Consideration

2 Total Amount paid or to be paid for the property
$ ____

3 Estimated Total Value of any nonreal property included in the sale price, if any.
$ ____

4 Consideration for real property only.
$ ____
(Line 2 minus line 3)

W S 34-1-144 IT IS A MISDEMEANOR FOR A PERSON TO WILLFULLY FALSIFY OR PUBLICLY DISCLOSE ANY INFORMATION ON THIS STATEMENT OF CONSIDERATION. UPON CONVICTION, AN OFFENDER IS SUBJECT TO A FINE OF NOT MORE THAN SEVEN HUNDRED FIFTY DOLLARS ($750 00), IMPRISONMENT FOR NOT MORE THAN SIX (6) MONTHS, OR BOTH.

PART D

Prepared By Grantee/Agent
Name ____
Mailing Address ____

City State Zip Code

I do solemnly swear (or affirm) that I have examined this statement and that it is to the best of my knowledge and belief true and correct

____
Signature (Grantee/Agent)

Date ____

NOTE IF EXEMPTION IS NOTED IN PART B PLEASE OMIT PART C. AND COMPLETE PART D IF NO EXEMPTION IS NOTED COMPLETE PARTS [illegible]

APPENDIX G

STATEMENT OF CONSIDERATION

_______________ County

STATE OF NORTH CAROLINA

For Use by County Register of Deeds

Type of Instrument: __________
Recorded: Book ______ Page ______
Date: __________
Amount of Excise Stamps __________

PURSUANT TO N.C.G.S. ______________, NO INSTRUMENT EVIDENCING TRANSFER OF REAL PROPERTY MAY BE ACCEPTED FOR RECORDING BY THE COUNTY REGISTER OF DEEDS UNLESS ACCOMPANIED BY A SWORN STATEMENT OF CONSIDERATION.

To be Completed by Grantor, Grantee, or Agent

Full Name & Address of Grantor:

____
____
____

Full Name & Address of Grantee:

____
____
____

Date of Transfer ______________ Date of Sale ______________

Legal Description of Property Transferred ______________
____
____

__________ Vacant Land __________ Land and Improvement

Declaration of Sales Price

1. Total amount paid or to be paid for the property $__________
2. Estimated value of personal property included above, if any $__________
3. Amount paid for real property only $__________

Conditions of Sale

Check (√) the following conditions applicable to this sale that may render it as not being a true market value transaction.

_____ Loan assumption or trade.

_____ Sale between family members or affiliated corporations, businesses or officers.

_____ Sale to/by Public Utility, government or exempt organization.

_____ Auction or forced sale.

_____ Purchase of adjoining land.

_____ Contract for sale.

_____ Mobile home included in sale price.

_____ Life estate or other interest reserved.

_____ Other (explain) ______________________________

I do solemnly swear (or affirm) that I have examined this statement, and that it is to the best of my knowledge and belief, true and correct.

____
Signature (Grantor/Grantee/Agent) Date

Sample -- Proposed Legislation

. . . No instrument evidencing transfer of real property may be accepted for recording by the County Register of Deeds unless accompanied by a sworn statement of consideration containing the following information:

1. County

2. Name and address of Grantor and Grantee

3. Legal description of property

4. Vacant land or land and improvements

5. Total amount paid for property

6. Personal property if any included in sales price

7. Reasons that may render the sale a non arms-length transaction

. . . on a form prepared by the Department of Revenue.

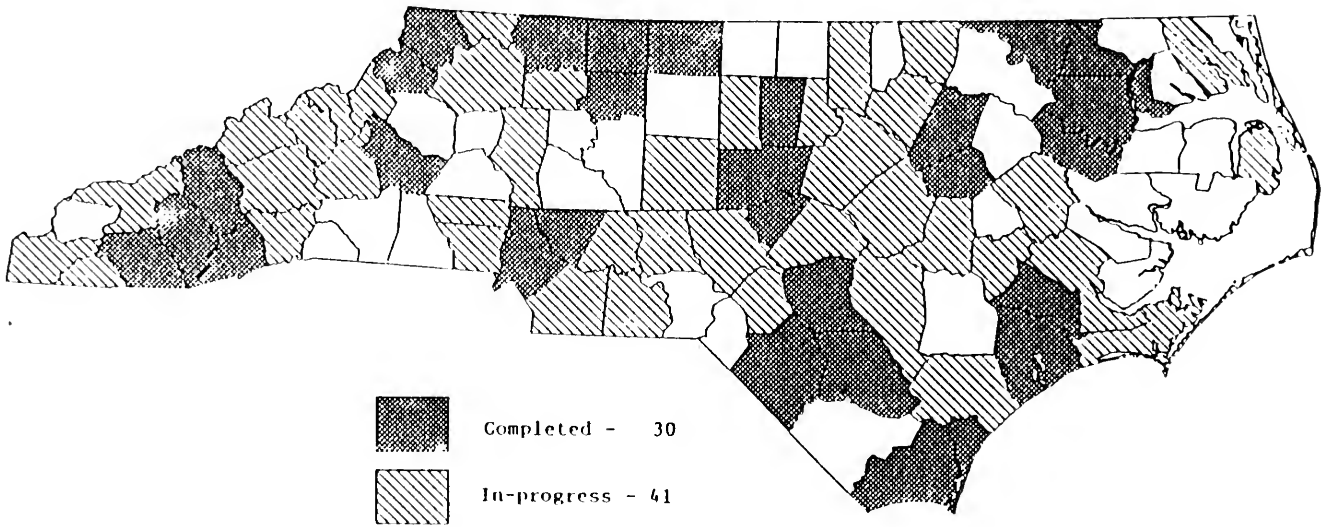
MAPPING STATUS REPORT

Seventy-one counties have either completed their mapping or they are in the process of mapping their counties. (See attached Status Map)

Soils mapping has been prepared in 55 counties by the Soil Conservation Service. (See attached Status Map)

Geographic Information Systems have been installed by ten (10) counties: Bladen, Buncombe, Cabarrus, Forsyth, Haywood, Nash, Nash, New Hanover, Randolph, Stanly, and Watauga Counties. (See attached Status Map)

Mapping Status



TYPICAL USES/USERS OF ACCURATE MAPS

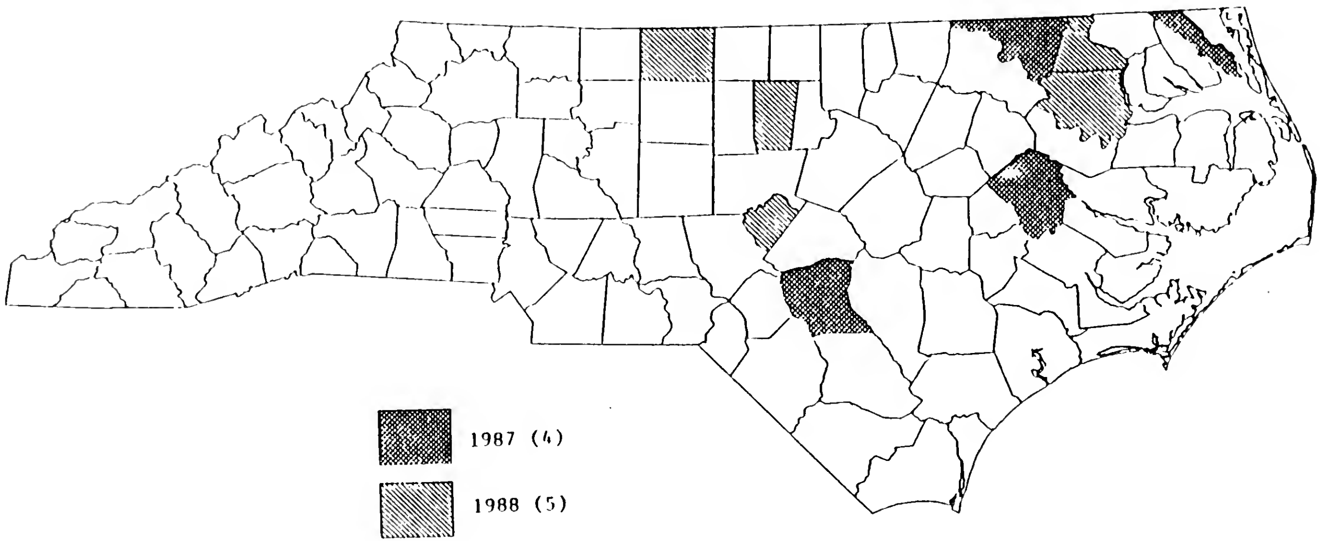
<u>County/City Government</u>

- Appraisal
- Planning
- Police
- Waste Management
- Fire
- Emergency Medical
- Social Services
- Utilities (Water, Sewer, Gas, Electric, and Cable)
- Economic Development
- Schools (Districts and Routing)
- Voter Registration (Voting Districts)

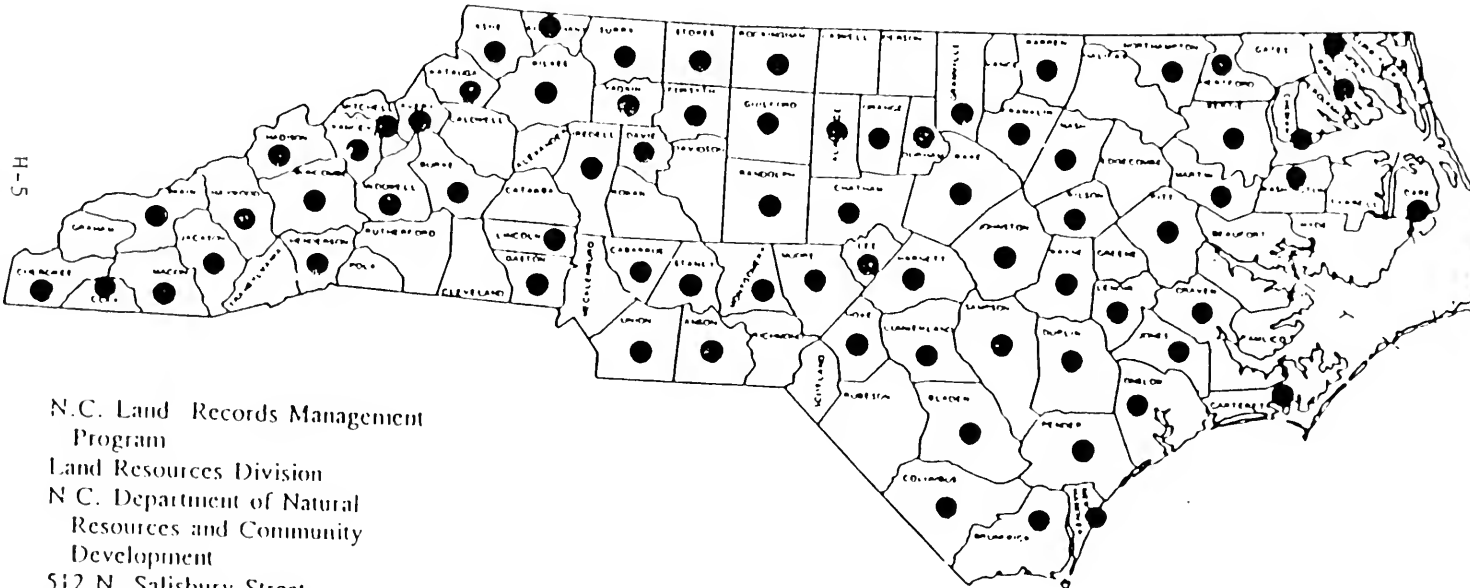
<u>Private Sector</u>

- Surveyor
- Attorney
- All utilities (Telephone, Power, Gas, etc.)
- Realtors
- Developers
- Industry

Soils Mapping and Cadastral Mapping Used In Revaluation

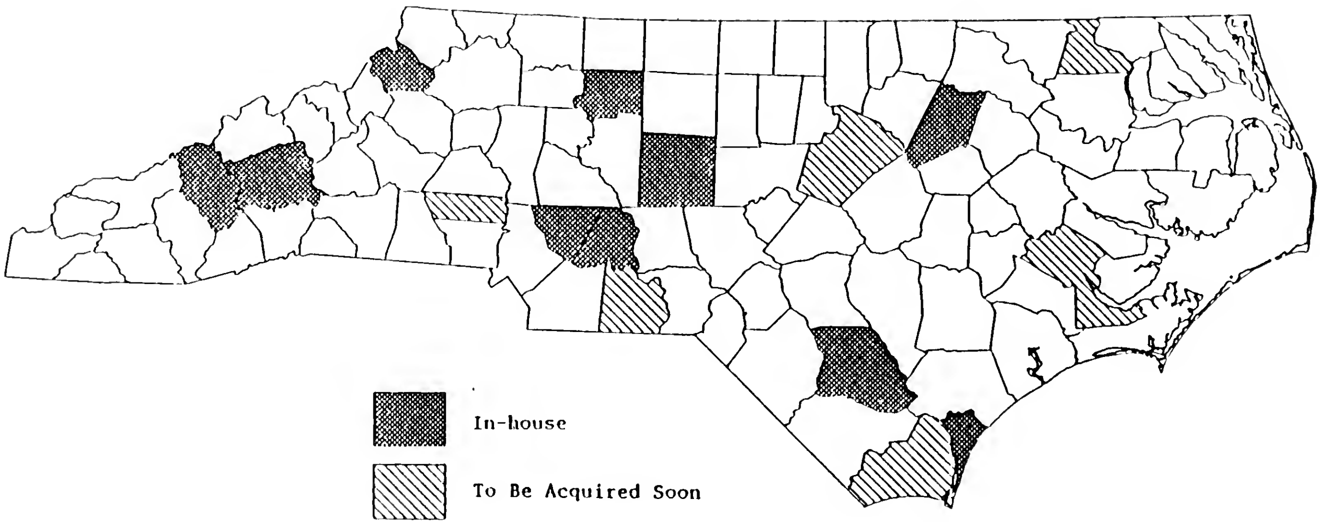


GRANT RECIPIENTS ●



N.C. Land Records Management
Program
Land Resources Division
N.C. Department of Natural
Resources and Community
Development
512 N. Salisbury Street
Raleigh, North Carolina 27611
(919) 733-7006

Counties With Geographic Information Systems



Land Records Management Program
Grants Awarded
1978 - 87

County (70)	FY 78-79 (9)	FY 79-80 (9)	FY 80-81 (19)	FY 81-82 (24)	FY 82-83 (27)	FY 83-84 (41)	FY 84-85 (37)	FY 85-86 (49)	FY 86-87 (45)
Alamance						$ 1,253			
Alleghany								$ 16,000	$ 8,000
Anson						10,000	$ 9,000	16,000	8,000
Ashe	$ 15,800	$ 5,682	$ 14,540			10,000	9,000	16,000	
Avery								16,000	8,000
Bertie			15,579	$ 20,000	$ 20,000	10,000	9,000		1,000
Bladen		10,227	41,543	28,000	20,000	10,000	7,966	3,205	
Brunswick						5,348			
Buncombe						2,515		16,000	8,000
Burke								16,000	8,000
Cabarrus	4,250		12,463	15,000				16,000	8,000
Camden							9,000	16,000	8,000
Carteret									8,000
Chatham		6,818	28,042	25,000	18,305			3,437	1,000
Cherokee				9,000					
Chowan						1,430		1,595	
Columbus						2,340			
Cumberland				24,000	20,000	10,000	9,000		
Dare				3,000	20,000	10,000	9,000	16,000	7,087
Davie					500				
Duplin						2,436			4,026
Durham						1,000			
Forsyth				15,000	10,574	10,000	9,000	16,000	8,000
Franklin			6,231						
Gaston						6,685		16,000	6,770
Granville								16,000	8,000
Guilford				5,000	18,505	10,000			8,000
Harnett						10,000	9,000	16,000	8,000

County	FY 78-79	FY 79-80	FY 80-81	FY 81-82	FY 82-83	FY 83-84	FY 84-85	FY 85-86	FY 86-87
Haywood	16,000	6,818	31,158	19,000	9,515	6,471		8,632	8,000
Henderson						10,000	9,000	16,000	
Hertford			8,309	13,000	19,129	10,000	9,000	3,010	
Hoke	15,100	5,682	8,309						8,000
Iredell		6,818	18,694	18,000	9,885	9,191	9,000	2,240	
Johnston									8,000
Jackson		5,682	31,157	23,000	10,068	5,083	9,000		
Jones				10,000	9,496	6,757	9,000	12,170	5,117
Lee	11,000				1,000				
Lenoir						10,000		16,000	8,000
Lincoln								16,000	8,000
McDowell								16,000	8,000
Macon				16,000	11,594	10,000	9,000	16,000	8,000
Madison							9,000	16,000	8,000
Martin			9,347	13,000	18,146	10,000			
Mitchell				7,000	4,714	10,000		16,000	8,000
Montgomery						10,000	9,000	16,000	8,000
Moore				1,000					
Nash	3,250	10,227	15,579	18,000	20,000		4,143	5,267	8,000
New Hanover			17,656	15,000	3,605	2,108	9,000	16,000	8,000
Northampton			11,424	13,000	20,000	10,000	9,000	1,806	
Onslow					1,000	8,773	9,000	16,000	8,000
Orange			2,000	1,000	4,219		9,000	16,000	8,000
Pasquotank	3,000		15,579	8,000	18,875	10,000	9,000	16,000	8,000
Pender							9,000	16,000	
Pitt							9,000	16,000	8,000
Randolph					18,482	10,000	9,000	16,000	8,000
Rockingham					20,000	10,000	9,000	16,000	8,000
Sampson							9,000	16,000	8,000
Stanly						10,000	9,000	16,000	8,000
Stokes								1,000	1,000

ESTIMATED COST TO MAP REMAINING COUNTIES

Estimate based on 29 counties with an average of 30,000 parcels per county.

29 counties X 30,000 parcels @ $20/parcel= $17,400,000

If 10 counties start in 1989, 10 in 1990 and 9 in 1991 it would require 7 years to complete all of the mapping.

Matching grants for 7 years would require $8,700,000 or $1,243,000 per year.

LRMP currently has $525,000 in grant funds/year. Additional amount required per year to provide a 50% matching grant would be $718,000 year.

Current grant funds of $525,000/year over the next 7 years could provide approximately 21% of the total costs to counties.

The figures shown above are for the remaining 29 counties to be mapped and do not include costs of completing the counties currently under contract.

County	FY 78-79	FY 79-80	FY 80-81	FY 81-82	FY 82-83	FY 83-84	FY 84-85	FY 85-86	FY 86-87
Swain	2,500		6,232						
Union					2,194	10,000	9,000	16,000	
Wake						10,000	9,000	16,000	
Washington	4,100			3,000					
Watauga							9,000	16,000	3,000
Wayne					1,554	8,760	9,000	16,000	8,000
Wilkes						10,000	9,000	16,000	8,000
Wilson							9,000	16,000	
Yadkin						10,000	9,000	16,000	8,000
Yancey								16,000	8,000
	$ 75,000	$ 75,000	$325,000	$322,000	$331,360	$325,000	$327,109	$659,000	$325,000

Total Grants Awarded $2,764,469

Wake County Assessor's Office

Room 1100 Courthouse
Raleigh North Carolina—27601

February 8, 1988

MEMO TO: Gina Holt, Staff Attorney
Property Tax Appraisal Study Commission

FROM: Lonnie W. Bost, Wake County Assessor LWB

SUBJECT: Property Tax Relief For The Elderly & Disabled

As you know, G.S. 105-277.1 presently provides a $12,000 value exclusion for the elderly and permanently disabled if age, income, and disability requirements are met. The assessed valuation exclusion is applicable on real property or a mobile home if occupied by the owner as his or her permanent residence.

The $12,000 assessed valuation exclusion amount is the same when applied in each taxing jurisdiction throughout the State, however, the amount of tax now excluded varies depending on the tax rate established in each of the jurisdictions. For example, if the tax rate in County A is determined to be 80c, then the amount to be excluded from the tax bill would be $96.00. On the other hand, if County B has a tax rate of 50c, the tax amount excluded would be $60.00. The worth of the exclusion can vary from one taxing jurisdiction to another depending on tax rate established.

Revaluations have a substantial impact on the elderly and disabled who qualify for tax relief under G.S. 105-277.1. They are affected in two ways:

1. A shift takes place. The tax on Public Service Company property and personal property drops as a result of tax rate reductions and is shifted to the real estate.

2. The amount of the exclusion does not change in a year of revaluation to reflect the inflation on the real estate, which results in more taxes being paid by the elderly and disabled who qualify under the provisions of G. S. 105-277.1.

I would like to demonstrate the effects of a revaluation as to the impact it has on a typical home owner versus a home owner who is eligible for tax relief. In order to accomplish this, we will use a hypothetical example.

We must first analyze the tax base, tax rate, and revenue generated in the year prior to the county's revaluation. We must then determine a tax rate in the year of revaluation that would produce the same revenue. Since Public Service Company property and personal property is required to be appraised annually, we will assume there will be little or no change in the value of same attributable to the make up of the overall tax base.

	YEAR PRIOR TO REVALUATION	YEAR OF REVALUATION
Real Value	$ 600,000,000 (50% LOA)	$1,200,000,000 (100% LOA)
Pub. Ser. Co. & Personal Value	400,000,000	400,000,000
Total Tax Base	$1,000,000,000	$1,600,000,000
Tax Rate	X .0080	X .0050
Total Tax	$ 8,000,000	$ 8,000,000

From the example above, it was determined in the year prior to revaluation real estate was assessed at a 50% level of assessment, and the tax rate was 80¢, which generated $8,000,000 in revenue. As a result of revaluation, the level of assessment of real was increased from 50% to 100%, and it was determined that a tax rate of 50c would generate the same revenue as in the previous year.

First, let's examine the shift that has taken place. This can best be illustrated by using an example of a $40,000 house revalued to $80,000.

	YEAR PRIOR TO REVALUATION	YEAR OF REVALUATION
House & Lot	$ 40,000	$ 80,000
Tax Rate	X .0080	X .0050
Tax	$ 320	$ 400

In this example, the tax increased from $320 to $400, which represented an increase of $80 or a 25% increase in the amount of taxes paid, which was attributable to the Public Service Company and personal shift to

real. The shift demonstrated here applies to all property owners whether receiving tax relief or not.

Using the same example of a house and lot being revalued from $40,000 to $80,000, let's examine the impact on an elderly or disabled individual who is eligible for tax relief.

	YEAR PRIOR TO REVALUATION	YEAR OF REVALUATION
House & Lot Value	$ 40,000	$ 80,000
Exclusion	- 12,000	- 12,000
Taxable Value	$ 28,000	$ 68,000
Tax Rate	X .0080	X .0050
Tax	$ 224	$ 340

In this example, the elderly or disabled individual's tax increased from $224 to $340, an increase of $116 or 51.79% in the amount of taxes paid. In this case, the increase is due to the shift that takes place, and the failure to increase the value exclusion to reflect the inflation in real value. Of the 51.79% increase, 26.79% reflects inflation with 25% reflecting shift. In this case, by not being able to adjust the amount of exclusion to reflect inflation, the elderly or disabled person pays an additional $60 in taxes.

As of January 1, 1988, the North Carolina Department of Revenue, Ad Valorem Tax Division, began to conduct sales/assessment ratio studies

in all one-hundred (100) counties, and are to continue on an annual basis. As a result of this requirement, a simple solution exists to lessen revaluation impact on the elderly and disabled who are eligible for tax relief. Not much can be done to deal with the shift that takes place when real is revalued, however, I believe it is possible to reflect inflation by multiplying the $12,000 exclusion by a factor determined by dividing the level of assessment in the revaluation year by the level of assessment determined in the year prior to revaluation.

Factoring of value exclusion would take place in each of the years in which a county conducts a general reappraisal of real. For example, if it is determined that the level of assessment in a county which has undergone a revaluation has increased from 50% in the year prior to revaluation to 100% in the year of revaluation; factor to be applied would be 1.00 ÷ .50 = 2. In this case, the amount of exclusion would increase from $12,000 to $24,000 ($12,000 X 2 = $24,000). I believe this would be fairly simple to administer. The Ad Valorem Tax Division could certify the factor to be applied in each county with a revaluation scheduled since sales/assessment ratio studies results are available in that Department.

Using the same example of a house and lot being revalued from $40,000 to $80,000, factoring the exclusion for inflation, let's now examine the impact on an elderly or disabled individual who is eligible for tax relief.

	YEAR PRIOR TO REVALUATION	YEAR OF REVALUATION
House & Lot Value	$ 40,000	$ 80,000
Exclusion	- 12,000	- 24,000
Taxable Value	$ 28,000	$ 56,000
Tax Rate	X .0080	X .0050
Tax	$ 224	$ 280

In this example, the tax increased from $2~~4~~24 to $280, which represented an increase of $56 or a 25% increase in the amount of taxes paid. The increase percentage, in this case, is attributable to the shift which has taken place, and corresponds to the percentage increase realized by the home owner who is not eligible for tax relief (see example, bottom of Page 3).

If the recommended solution is found to be workable, it would provide equitable treatment in revaluation years for the elderly and disabled who are eligible for tax relief.

LWB:jc

EXHIBIT M

Wake County Assessor's Office

Room 1100 Courthouse
Raleigh North Carolina—27601

February 10, 1988

REVALUATION IMPACT ON THE ELDERLY & DISABLED
RECEIVING TAX RELIEF AS PROVIDED BY G.S. 105-277.1

Demonstrate revaluation impact on an elderly or disabled taxpayer who is receiving tax relief compared to a homeowner not receiving tax relief if a $20,000 house and lot is owned and the value of same is doubled to $40,000 in a revlauation year. It has been determined that the county tax rate can be reduced from 80¢ in the year prior to revaluation, to 50¢ in the revaluation year and still generate the same revenue.

Example: Homeowner with no tax relief.

	YEAR PRIOR TO REVALUATION	YEAR OF REVALUATION
H. & L. Value	$ 20,000	$ 40,000
Tax Rate	X .0080	X .0050
Tax	$ 160	$ 200

In this example, the tax will increase from $160 to $200, an increase of $40 or 25%.

Example: Homeowner receiving tax relief as presently provided by G.S. 105-277.1.

	YEAR PRIOR TO REVALUATION	YEAR OF REVALUATION
H. & L. Value	$ 20,000	$ 40,000
Exclusion	- 12,000	- 12,000
Taxable Value	$ 8,000	$ 28,000
	X .0080	X .0050
Tax	$ 64	$ 140

With the present exclusion applied, we find that the tax will increase from $64 to $140, an increase of $76 or 119%.

Example: Homeowner receiving tax relief if it were possible to factor the exclusion for inflation.

	YEAR PRIOR TO REVALUATION	YEAR OF REVALUATION
H. & L. Value	$ 20,000	$ 40,000
Exclusion	- 12,000	- 24,000
Taxable Value	$ 8,000	$ 16,000
Tax Rate	X .0080	X .0050
Tax	$ 64	$ 80

In this case, we find that the tax has increased from $64 to $80, an increase of $16 or 25%. It is interesting to note that the percentage of increase now matches the percentage of increase realized by the homeowner who is not receiving tax relief. This percentage being attributable to shift.

NOTE: The lower the value of the house and lot, the greater will be the tax increase and percentage increase. Compare this example to the example on page 4 of the handout dated February 8, 1988.

HISTORY OF PROPERTY TAX HOMESTEAD EXEMPTION IN NORTH CAROLINA

Effective Year	Action
1972	Exempted first $5,000 in appraised value of real property used as principal place of residence by retired owner, aged 65 years or older, whose disposable income from all sources was less than $3,500.
1974	(1) Substantially enlarged the class of property entitled to exclusion (2) An increase in the income eligibility limit to $5,000 (3) Excluded Social Security benefits from the definition of disposable income.
1976	(1) Expanded eligible taxpayers to include permanent and totally disabled taxpayers regardless of age (2) Increased the income limit from $5,000 to $7,500 (3) Re-included Social Security in definition of income
1978	(1) Increased the exemption to $7,500 (2) Increased the income limit to $9,000
1982	(1) Increased the exemption to $8,500 and established a mechanism for the state to fully reimburse cities and counties for the revenue loss from the increase. (2) Replaced the annual application requirement with a one-time application (unless the taxpayer's eligibilit changes).
1986	(1) Increased the exemption to $10,000 (2) Increased the income limit to $10,000 (3) Provided for full state reimbursement of revenue loss of cities and counties
1987	(1) Increased the exemption to $12,000 (2) Increased the income limit to $11,000 (3) Provided for full state reimbursement of revenue loss of cities and counties

Fiscal Research Division
December 18, 1985

EXAMPLE OF THE HOMESTEAD EXEMPTION IN A YEAR OF REVALUATION

County	Year	Income	Valuation	Homestead Ex. Savings	Expected Sav. in Next Reval	Real Loss/Sav.
Mecklenburg	1975	$ 6,020	$35,000	$40	$72	- $19
	1983	11,184	51,078	53		
Catawba	1975	$ 6,018	$35,000	$25		
	1983	11,160	45,346	32	$45	- $13
New Hanover	1975	$ 5,845	$35,000	$29		
	1983	10,850	44,169	57	$52	- $ 5
Halifax	1975	$ 5,604	$35,000	$24		
	1983	10,400	44,356	51	$43	+ $ 8
Surry	1975	$ 5,665	$35,000	$24		
	1983	10,514	50,400	43	$43	-0-

CP:djb

PROPERTY TAX RELIEF OPTIONS FOR THE ELDERLY

I. INTRODUCTION

The following is a brief summary of a few property tax relief options for the elderly: the homestead exemption, the homestead credit, the circuitbreaker and the tax deferral program.

II. HOMESTEAD EXEMPTIONS AND CREDITS

In general, a homestead exemption is an amount subtracted from the assessed value of the property and is granted prior to computing the property tax. An exemption can represent different amounts of property tax relief depending upon whether a certain community assesses property at its full market value or at a certain percentage of market value.

A homestead credit directly reduces a tax bill by a certain amount. For example, a $100 credit on $500 of taxes yields a $400 tax bill. In most states, the credit is for the tax on a certain portion of the assessed value of the property as is done in Iowa. Another way some states grant homestead credits is to pay a specified fraction of a property owner's tax bill up to a maximum benefit as is done in Minnesota.[1]

Currently, 37 states and the District of Columbia have homestead programs. Thirteen limit participation to senior citizens, 13 give greater benefits to senior citizens than to the general population, and 11 states and the District of Columbia have no age restrictions. Thus, 26 states favor senior citizens through their homestead programs. Table IV.2 summarizes existing homestead programs. Note on page 78 of the table that Alabama and Alaska provide complete property tax exemptions for senior citizens. In Virginia, local governments are given the option to totally exempt the property of senior citizens with incomes up to $18,000.

1. Homestead Exemption vs. Credit

The credit is believed to be more flexible in its design than the homestead exemption. For example, a credit may be: (1) a set dollar amount for all homeowners, (2) a percentage of a homeowner's property tax bill or (3) the amount of tax levied on a specific amount of assessed value. If (2) or (3) are used, the homestead credit

yields greater benefits where property tax rates are hignest.[2]

III. CIRCUITBREAKERS

The circuitbreaker contrasts with a homestead exemption or credit in that the amount of relief depends on both income and the property tax bill. When property taxes exceed a specified percentage of a taxpayer's income, the circuitbreaker overrides the property tax system and rebates the excessive payment to the taxpayer.[3]

Circuitbreakers are believed to be the most progressive form of property tax relief in that they promote taxation of a higher proportion of income for high income than for low income households.[4] There are two types of circuitbreakers- sliding scale and threshold. The sliding scale circuitbreaker rebates a percentage of property tax payments with the rebated portion decreasing as income rises. The threshold approach sets limits on proportions of income that are determined to be a fair property tax burden. When property taxes exceed this fraction of income, the circuitbreaker provides relief from the excess tax burden.[5] (See attache examples)

IV. DEFERRAL PROGRAMS

Property tax deferral programs allow certain groups of taxpayers to postpone paying all or a portion of their property taxes until either the owner's death or sale of the property. Sixteen states and the District of Columbia have property tax deferral programs. The District of Columbia, Florida, and Iowa limit participation to senior citizens.

1. Common Characteristics of Deferral Programs

(a) States with deferral programs charge below market interest rates on the amount of tax deferred.[6]

(b) Participation in the deferral program is limited by income of the taxpayer.[7]

(c) State financing of deferral programs insures that local property tax rates will not rise to compensate for the amount of revenue lost due to deferrals.[8]

(d) Participation in property tax deferral programs has been generally low probably because the elderly are reluctant to place liens on their homes.[9]

2. Benefits to Elderly and State

The elderly need not worry about rising property taxes. The benefit to the state is that it is eventually reimbursed for the tax relief. The true costs of a deferral program are its administrative costs and the amount of subsidy on the interest rate applied to the deferred taxes.[10]

1 Mitchell A. Zahn, Steven D. Gold, State Tax Policy & Senior Citizens (National Conference of State Legislatures, 1985) p. 75.

2 Ibid. p. 83

3 Ibid. p. 85

4 Ibid.

5 Ibid. p. 86

6 Ibid. p. 97

7 Ibid.

8 Ibid.

9 Ibid. p. 96

10 Ibid. p. 101

Table IV.2.

Homestead exemption and credit programs: 1985

State	Description	Financing
No age restrictions (11 states and the District of Columbia)		
Arizona	Credit for 50 percent of school property taxes.	State
California	Credit for tax on $7,000 of assessed valuation.	State
District of Columbia	$9,000 exemption.	Local
Idaho	Exemption of $50,000 or half of assessed valuation, whichever is lower.	Local
Iowa	Credit for tax on $4,850 of assessed valuation.	State
Louisiana	Credit for tax on $7,500 of assessed valuation (equivalent to $75,000).	Mostly State
Minnesota	54 percent credit for tax on first $67,000 of market value up to $650 maximum.	State
New Mexico	$200 exemption (equivalent to $600).	Local

Table IV.2.

(continued)

State	Description	Financing
Ohio	Credit for 2½ percent of tax.	State
Oklahoma	$1,000 exemption (equivalent to $8,333); additional exemption if income under $8,500.	Mostly Local
Oregon	Credit for 30 percent of tax (maximum $170 in 1984, higher in previous years).	State
Wisconsin	Credit for 10 percent of tax.	State
Senior citizens receive a larger exemption or credit than others (13 states)		
Alabama[a]	**All households:** exemptions of varying amounts by different categories of local government.	Local
	Seniors: complete exemption from state tax and additional exemption if income under $12,000.	Local
Alaska	**All households:** varying amounts, at option of municipality.	Local
	Seniors: complete exemption.	State
Florida	**All households:** $25,000 exemption.	Local
	Seniors: additional $10,000 exemption from taxes levied by counties, cities, and special districts.	Local
Georgia	**All households:** $2,000 exemption (equivalent to $5,000).	Local
	Seniors: $4,000 exemption (equivalent to $10,000) for general property taxes and $10,000 exemption (equivalent to $25,000) for school taxes if income under $8,000.	Local
Hawaii	**All households:** $20,000 exemption	Local

State	Description	Financing
Hawaii	**Seniors:** $40,000 exemption if age 60 to 70, $50,000 if age 70 or older.	Local
Illinois	**All households:** exemption up to $3,500 (equivalent to $21,000 in Cook County and $10,500 in other counties) for increase in assessed valuation since 1977.	Local
	Seniors: additional $2,000 exemption (equivalent to $12,000 in Cook County and $6,000 in other counties).	Local
Indiana	**All households:** credit for 4 percent of property tax liability (effective in 1986).	State
	Seniors: $1,000 exemption (equivalent to $3,000) if income under $10,000 and assessed valuation under $11,000.	Local
Massachusetts	**All households:** local option exemption up to 10 percent of average assessed value in locality.	Local
	Seniors: local option exemption varying according to household circumstances.	Local
Mississippi[a]	**All households:** varying exemption amounts based on value of property.	State
	Seniors: additional $7,500 exemption (equivalent to $50,000) effective in 1986.	State
Nebraska	**All households:** $3,000 exemption.	State
	Seniors: additional $7,000 - $35,000 exemption if income is less than $10,400 (formula similar to a circuitbreaker).	State
New Jersey[a]	**All households:** credit depending on assessed valuation and tax rate.	State
	Seniors: additional $50 credit. In addition, another $250 credit is given to elderly households with incomes under $10,000.	State
Texas[c]	**All households:** local option exemption up to 30 percent of market value.	Local

Table IV.2.

(continued)

State	Description	Financing
Texas	**Seniors:** $10,000 exemption for school taxes and local option additional.	Local
Wyoming	**All households:** credit depending on assessed valuation and tax rate.	State
	Seniors: additional refund for low-income senior citizens that varies. Payment also represents a portion of sales tax paid and a rebate of home utility costs.	State
Only for senior citizens (13 states)		
Colorado	Total exemption for seniors with incomes within 150 percent of limits prescribed for occupants of nearby low-rent public housing.	Local
Delaware	$5,000 exemption if income under $3,000.	Local
Kentucky	Exemption of $7,500 in 1972 dollars, amount increased annually for inflation (1984 exemption was $15,000).	Local
Montana	Varying amount based on income (but different than the state's circuitbreaker program)	Local
New Hampshire	$5,000 exemption if income under $5,000 and assets under $35,000, additional local option exemptions	Local
New York	Local option to exempt up to 50 percent of assessed value if low-income senior citizen.	Local
North Carolina	$12,000 exemption if income under $11,000	Mostly Local
South Carolina	$20,000 exemption.	State
Tennessee	$12,000 exemption if income under $8,500.	State

State	Description	Financing
Utah[a]	Local option to abate up to the lesser of 50 percent of taxes assessed or $300 for senior citizens with incomes under $7,500 if single or $8,000 if married.	Local
Virginia[a]	Local option to totally exempt property of senior citizens with incomes up to $18,000.	Local
Washington[a]	Exemption from all special levies if income under $15,000; $20,000 exemption or 30 percent of value of residence up to $40,000, whichever is greater, from regular levies if income under $12,000; $25,000 exemption or 50 percent of value of residence, whichever is greater, if income is below $9,000.	Local
West Virginia[a]	$20,000 exemption.	Local

Source: NCSL survey; and ACIR, *Significant Features of Fiscal Federalism, 1983-84 Edition.*

Notes:

This table does not include programs restricted to special groups, such as widows and veterans. Most states have programs for veterans.

In states where assessments are set by law at less than full market value, the amount of market value exempted is shown in parentheses. Property often is assessed at less than the level prescribed by law, however, and the actual value of exemptions may be understated.

[a] Disabled persons are given the same benefits as senior citizens.

SLIDING SCALE APPROACH

of property tax payments, with the rebated proportion decreasing as income rises. The Iowa circuitbreaker, for example, rebates the following amounts:

If Income Is:	Rebate Is Equal to:
Under $5,000	100 percent of property tax
$5,000 - 5,999	70 percent of property tax
$6,000 - 6,999	50 percent of property tax
$7,000 - 7,999	40 percent of property tax
$8,000 - 8,999	30 percent of property tax
$9,000 - 11,999	25 percent of property tax

THRESHOLD APPROACH

The threshold approach sets limits on proportions of income that are determined to be a fair property tax burden. When property taxes exceed this fraction of income, the circuitbreaker provides relief from the excess burden. The Vermont threshold circuitbreaker provides relief as follows:

If Income Is:	Relief Is Equal to:
Under $4,000	Property tax in excess of 4 percent of income
$ 4,000 - 7,999	Property tax in excess of 4½ percent of income
$ 8,000 -11,999	Property tax in excess of 5 percent of income
$12,000 -15,999	Property tax in excess of 5½ percent of income
$16,000 -19,999	Property tax in excess of 6 percent of income
$20,000 -24,999	Property tax in excess of 7 percent of income

Renters are included in both the Iowa and Vermont circuitbreakers, with 20 and 25 percent of rent, respectively, constituting the amount of property tax paid. In Iowa, $1,000 is the maximum property tax subject to the circuitbreaker formula; in Vermont, the maximum rebate is $500.

PROPOSAL RB-6

Fiscal Report
Fiscal Research Division
December 29, 1988

Explanation of Proposal:

Under the local property tax law, persons aged 65 or over and persons who are totally and permanently disabled, regardless of age, are allowed an exemption of the first $12,000 of assessed value of the permanent residence if their disposable income from all sources is less than $11,000. Since the homestead exemption was first enacted in 1971, all changes to the exemption amount and the income eligibility limit have occurred through a statewide bill enacted by the General Assembly.

The proposal would make the following changes to the current law:

(1) Effective January 1, 1990 the exemption amount would be increased in all counties from $12,000 to $15,000

(2) Effective January 1, 1991 the exemption amount used in a county will increase each time the county makes a real property revaluation effective. Under the formula the exemption will increase in the same proportion as the average increase in the market value of residential property in the county, as determined by the N.C. Department of Revenue. The Department would be required to notify each county undergoing a revaluation of the new exemption by March 31 of the year in which the revaluation becomes effective.

(3) Effective January 1, 1991 the income eligibility limit will be increased annually for each county in the same proportion that the the federal government increases Social Security payments in the adjustment preceding the start of the next property tax listing period. The adjustment in the income eligibility limit would be calculated by December 1 of each year and notice of the change would be sent by the Department to all tax assessors. The eligibility amount would be rounded to the nearest hundred dollar amount.

Fiscal Effect:

If all eligible permanent residences had a pre-exemption assessed value of more than $15,000 the 1990-91 reduction in local tax revenue from the one-time increase in the exemption for all counties would be no more than $3.85 million statewide. Of this amount, 50% would be reimbursed to counties out of the state General Fund.

Beginning with the 1991-92 fiscal year, the impact of the increase in the exemption level would be approximately $2.0 million per year. Of this amount, 50% would be reimbursed to counties and cities from the state General Fund.

Beginning with the 1991-92 there would be some impact each year

from the indexing of the exemption. This impact will largely offset the natural reduction in the cost of the homestead exemption over time that takes place under the current system due to the erosion of the value of the income limit (as Social Security and other sources of income rise).

CHAPTER 1044
HOUSE BILL 2171

AN ACT TO MAKE TECHNICAL AMENDMENTS TO THE REVENUE LAWS.

The General Assembly of North Carolina enacts:

Sec. 13.1. G.S. 105-277.3 is amended by adding a new subsection (d) to read:

"(d) Enrollment in the federal Conservation Reserve Program authorized by Title XII of the Food Security Act of 1985 (Pub. L. 99-198), as amended, shall not preclude eligibility of land for present use value treatment solely on the grounds that the land is no longer in actual production, and income derived from participation in the federal Conservation Reserve Program may be used in meeting the minimum income requirements of this section either separately or in combination with income from actual production. Land enrolled in the federal Conservation Reserve Program shall be assessed as agricultural land if it is planted in vegetation other than trees, or as forest land if it is planted in trees."

Sec. 13.2. G.S. 105-277.4 is amended by adding a new subsection (d) to read:

"(d) Notwithstanding the provisions of subsection (c), if a farm unit loses eligibility for present use value treatment solely due to a change in income caused by enrollment of land in the federal Conservation Reserve Program authorized by Title XII of the Food Security Act of 1985 (Pub. L. 99-198), as amended, no deferred taxes shall be owed and all present use value tax liens shall be extinguished.

Sec. 14. Sections 7, 8, 9, and 12 of this act are effective for taxable years beginning on or after January 1, 1988; Sections 13.1 and 13.2 are effective for taxable years beginning on or after January 1, 1986; the remainder of this act is effective upon ratification.

In the General Assembly read three times and ratified this the 5th day of July, 1988.